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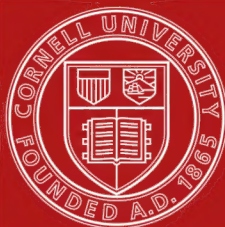


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# REPORT

OF

## THE MERCHANT MARINE COMMISSION,

Together with the Testimony Taken at  
the Hearings.



IN THREE VOLUMES.

### Volume I.

REPORT AND RECOMMENDATIONS OF THE COMMISSION  
(INCLUDING THE VIEWS OF THE MINORITY),  
AND HEARINGS ON THE NORTH ATLANTIC COAST.



WASHINGTON:  
GOVERNMENT PRINTING OFFICE.  
1905.

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## MERCHANT MARINE COMMISSION.

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Hon. ALLAN L. McDERMOTT, New Jersey.

Mr. WINTHROP L. MARVIN, *Secretary to the Commission*.



## DEVELOPMENT OF THE AMERICAN MERCHANT MARINE AND AMERICAN COMMERCE.

JANUARY 4, 1905.—Ordered to be printed.

Mr. GALLINGER from the Merchant Marine Commission, submitted the following.

### REPORT.

(To accompany S. 6291.)

Deeply concerned at the decline of our ocean fleet, and the loss of skilled officers and seamen—pioneers of trade in peace, and defenders of the flag in war—the President of the United States, in his annual message to Congress, December 7, 1903, said:

A majority of our people desire that steps be taken in the interest of American shipping, so that we may once more resume our former position in the ocean carrying trade. But hitherto the differences of opinion as to the proper method of reaching this end have been so wide that it has proved impossible to secure the adoption of any particular scheme. Having in view these facts, I recommend that the Congress direct the Secretary of the Navy, the Postmaster-General, and the Secretary of Commerce and Labor, associated with such a representation from the Senate and the House of Representatives as the Congress in its wisdom may designate, to serve as a commission for the purpose of investigating and reporting to the Congress at its next session what legislation is desirable or necessary for the development of the American merchant marine and American commerce, and incidentally of a national ocean mail service of adequate auxiliary naval cruisers and naval reserves. While such a measure is desirable in any event, it is especially desirable at this time, in view of the fact that our present governmental contract for ocean mail with the American line will expire in 1905.

Our ocean mail act was passed in 1891. In 1895 our 20-knot trans-Atlantic mail line was equal to any foreign line. Since then the Germans have put on 23-knot steamers, and the British have contracted for 24-knot steamers. Our service should equal the best. If it does not, the commercial public will abandon it. If we are to stay in the business it ought to be with the full understanding of the advantages to the country on the one hand, and on the other with exact knowledge of the cost and proper methods of carrying it on. Moreover, lines of cargo ships are of even more importance than fast mail lines, save so far as the latter can be depended upon to furnish swift auxiliary cruisers in time of war. The establishment of new lines of cargo ships to South America, to Asia, and elsewhere would be much in the interest of our commercial expansion.

In response to this earnest recommendation Congress passed the act of April 28, 1904, creating the Merchant Marine Commission, composed of five Senators and five Representatives. The text of the act by which the Commission was authorized is as follows:

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That a commission is hereby created, to be called "The Merchant Marine Commission," to be composed as follows: Five members of the Senate of the United States and five members of the House of Representatives of the United States, to be appointed by the presiding officer of each House of Congress, respectively: *Provided,* That at least two of the said members of the Senate and two of the said members of the House of Representatives shall be members of the minority party.

SEC. 2. That it shall be the duty of this commission to investigate and to report to the Congress on the first day of its next session what legislation, if any, is desirable for the development of the American merchant marine and American commerce, and also what change, or changes, if any, should be made in existing laws relating to the treatment, comfort, and safety of seamen, in order to make more attractive the seafaring calling in the American merchant service.

SEC. 3. That the Commission shall give reasonable time for hearings, if deemed necessary, and if necessary it may appoint a subcommission or subcommissions of its own members to make investigation in any part of the United States, and it shall be allowed actual necessary expenses for the same. It shall have the authority to send for persons and papers and to administer oaths and affirmations. All necessary expenses, including clerks, stenographers, messengers, rent for place of meeting, and printing and stationery, shall be paid from any money in the Treasury not otherwise appropriated; however, not to exceed twenty thousand dollars for expenditure under this section, to be paid upon vouchers to be approved by the chairman of the Commission.

SEC. 4. That any vacancies occurring in the Commission, by reason of death, disability, or from any other cause, shall be filled by appointment by the officer and in the same manner as was the member whose retirement from the Commission creates the vacancy.

The Commission immediately met and organized in Washington, and began its formal inquiry on May 23, 1904, in New York City, where more witnesses appeared than could be examined in the three days set apart for the initial hearing. That the mercantile interests of the whole country welcomed the investigation and applauded its object soon became manifest in every section of the United States. Urgent invitations were received not only from the great ports of the north Atlantic coast, but from the lake cities, the Gulf of Mexico, and the distant Pacific seaboard. A full national itinerary was therefore arranged and hearings were held as follows:

*On the north Atlantic.*

New York, May 23-25.  
Philadelphia, May 26, 27.  
Baltimore, May 28.  
Boston, June 1-2.

*On the Great Lakes.*

Chicago, June 24.  
Detroit, June 27.  
Cleveland, June 28, 29.  
Milwaukee, July 21.

*On the Pacific.*

Seattle, July 26, 27.  
Tacoma, July 28, 29.  
Portland, August 1.  
San Francisco, August 4, 5.

*On the southern coast and Gulf of Mexico.*

Galveston, November 12.  
New Orleans, November 14.  
Pensacola, November 15.  
Brunswick, November 17.  
Newport News, November 19.

In addition to the above, the Commission held daily sessions in the city of Washington from November 22 to December 12, hearing evidence, sifting the printed testimony, preparing a bill, and forecasting a report to Congress.



## A FAIR CHANCE FOR ALL.

In all of these cities, except Washington, the invitations were extended and the arrangements for the hearings were made by representative commercial organizations, for whose alertness, patriotic zeal, and cordial hospitality the Commission desires to return sincere acknowledgments. Without the frank cooperation of these energetic men of business in the chief commercial cities of the country, the inquiry of the Commission could not have been carried so far between the adjournment and the reassembling of Congress.

It was everywhere distinctly stated that the Commission did not come on any political errand; that it was not committed in advance to any specific measure; that its members, one and all, were open minded as to the best policy of relief for our vanishing ships and seamen; and that any intelligent suggestion offered in good faith toward the upbuilding of our merchant fleet would be frankly welcomed and honestly considered. Indeed, the open-door rule that governed all the hearings was so very liberal that in one or two instances alien agents of foreign steamships appeared with the familiar sophistical plea that foreign shipowners had the field; that their service was "cheap," and that therefore they ought to be allowed indefinitely to monopolize our ocean carrying regardless of the ultimate effect upon our power to extend our trade in peace or defend our coasts in war.

## UNITED DEMAND FOR AMERICAN SHIPS.

Coincidentally, this bland appeal of the foreign steamship agents has found expression in a few newspapers, but so far as is known it has not been advanced anywhere by so much as one witness qualified to speak as a disinterested American citizen. Public sentiment, as the Commission has sounded it throughout the United States, is practically unanimous not in merely desiring, but in demanding an American ocean fleet, built, owned, officered, and so far as may be, manned by our own people. This sentiment, as the printed pages of the testimony prove, is just as earnest on the Great Lakes as it is on either ocean. Men of business showed themselves conspicuously alert and well informed on this vital question in the lake cities, and the interest and knowledge of shipbuilding Philadelphia were fairly matched at the great southern port of New Orleans. Differences of opinion there are, of course, as to methods and policies, though these are by no means irreconcilable. But nowhere is there any difference as to the main principle of national recognition and encouragement of our hard-pressed ocean carrying trade.

## DISINTERESTED WITNESSES.

A very large proportion—perhaps a majority—of the hundreds of witnesses who have appeared before the Commission are men who have not a dollar's worth of actual interest in ships or shipbuilding. Practically all of the present ocean shipowners and shipbuilders of America have been heard, but all together these men are by no means numerous. A great part of the testimony, and that not the least authoritative and impressive, has come from merchants in general trade, manufacturers of goods for export, editors, lawyers and like professional men, and others whose interest in this question is, at the

most, of those who have freight to ship, or, at the least, of sagacious and patriotic citizens. If the inquiry of the Commission has done nothing else, it has in any event proved beyond the shadow of a doubt that public opinion will loyally and even eagerly sustain Congress in any frank, equitable, and effective measure that may be adopted for the restoration of the carrying trade and the expansion of our ocean commerce.

#### A QUESTION OF MORE TRADE.

Thoughtful men throughout the entire country have now come to see that the question is not merely one of building ships or manning ships, important though that may be to large seaboard communities. Nor is the question, further, one solely of the national defense, though that of itself would abundantly justify Congressional action. A third imperative motive for the creation of an adequate merchant marine is the need of new and wider markets. Without these, there is such a thing as smothering at home in our own prosperity.

There is one sure way in which these new and wider markets can be gained. Our own people—merchants, manufacturers, bankers, ship-owners, working heartily together—must go and get them. We can not depend upon the foreigners for this—not on the foreign shipowner more than on the foreign manufacturer or merchant. When the market is once opened, the foreign ship may take our goods for a consideration, which in the long run is sure to be higher than the price granted to the foreign manufacturer.

#### NO MERCHANT WOULD DO THIS.

There is not a department store in Omaha or Waco which would dream of intrusting to a rival department store across the street the delivery of its own goods to its own customers. The heads of the two establishments might be tolerably good friends, but merchant No. 1 would instinctively assume that, human nature being as it is, merchant No. 2 would keep his good horses and sound wagons for his own use, and quietly run in his spavined steeds and worn-out vehicles to convey the goods of his competitor. And pretty soon merchant No. 1 would expect to have complaints of short weight or damaged articles, or perhaps that the purchases were missing altogether. And then he would begin to see those who were once his customers transferring their business to his rival—so that that “cheap” foreign service would have proved a dear service after all.

This is precisely what is happening to-day in South America. The United States sends no marine delivery wagons of its own to Brazil or Argentina. Even the American mails must cross the Atlantic twice on the subsidized liners of England. The result is the inevitable one, testified to before the Commission by the manufacturers of Cleveland and Milwaukee, that they find it hard to get into the South American market and harder still to stay there—that they can never depend upon the starting of English and German vessels from New York, and that there is much breakage as well as miscarriage of American goods, confusion, and disappointment. Nor need there be any surprise about this. The English and German shipowners naturally keep their best craft for their own country's trade and use their inferior ones for the American. And the result is just what was intended by

our foreign competitors, that Brazil goes by our door and buys of England and Germany.

The United States sent \$13,000,000 worth of merchandise to Brazil in 1894 and only \$10,000,000 in 1903. Yet, having plenty of delivery wagons of its own by sea and rail to Canada and Mexico, our country has increased its exports to Canada from \$51,000,000 in 1894 to \$116,000,000 in 1903, and to Mexico from \$12,000,000 in 1894 to \$41,000,000 in 1903. The contrast is eloquent. There is no need to look further for an explanation why European shipowners, leagued with European manufacturers, are so insistent that the United States should not go to the expense and trouble of providing transportation facilities of its own in the trade to South America, Africa, and the Orient.

#### OUR TRIBUTE TO FOREIGNERS.

It is a fair, accepted estimate, based on Sir Robert Giffen's figures for British ocean trade, that there is now being paid on the average the enormous sum of \$150,000,000 a year to foreign shipping for the conveyance of our import and export freights, our mails, and our passengers. Only 10 per cent of our vast sea-borne commerce is now carried by American ships. In 1810 the American proportion was 91 per cent; as late as 1861 it was 65 per cent. We ought again to be conveying at least two-thirds of our commerce beneath our own flag; our right to this share is impregnable.

An adequate American ocean fleet would mean the saving to this country of \$100,000,000 a year which now goes to build up the commercial power and naval strength of Europe and Asia. For a time it is true that the development of such a fleet would cost something, but all our economic experience goes to show that this increased expense would be temporary, while the saving would be solid and permanent. American bridge makers and locomotive builders could not compete with Europe in price in the early days of their industry, but now that they have developed standard types and attained a huge scale of constant production, American bridge makers and locomotive builders, still paying good American wages, are able to meet their foreign competitors in cost and beat them in the excellence and adaptability of their product. And what is a steamship but a locomotive and a steel bridge wrought together?

A hundred million dollars a year, the amount that would eventually be saved to the American people if their ocean shipping were developed as their locomotive making and bridge making have been, is equivalent to the entire cost of our splendid Navy, or of our reorganized and strengthened Army, including the coast defenses. It is equivalent to four times the annual interest on the National debt. It would furnish employment to tens of thousands of American workmen, and comfort to their families, in the processes of ship construction and maintenance, from the forest and mine to the rolling mill, forge, and shipyard.

#### FOREIGN IN EVERYTHING.

The foreign ships which now convey nine-tenths of our ocean commerce are invariably built abroad, officered abroad, manned abroad, repaired abroad. If they can possibly help it, they never use a pound

of American material, except coal, or yield so much as a dime to American labor, beyond the stevedores. The managers of these foreign steamship companies are, as a rule, aliens sent over to the United States. The very clerks in their offices are, as far as can be, brought from Europe. These foreign steamship agencies are virtually little European colonies on American soil; their fixed determination seems to be to exclude Americans by birth from all share or knowledge of the ocean shipping business.

It has been testified before the Commission that not only do foreign ships, sent over here to engage exclusively in American commerce, bring officers and crews under long contract from home, and return home for all important repairs, but that many actually refuse to purchase food and other supplies here in the best and cheapest market. These vessels arrive loaded with home provisions and other material that are placed in bonded stores here and withdrawn from time to time as they are needed, so that so far as possible not one penny of money earned by these foreign ships in American trade shall return to the channels of American commerce.

#### PARALYSIS OF OCEAN SHIPBUILDING.

This policy of rigid, aggressive favoritism, practiced by foreign shipowners without resistance from the United States, has now wrought its desired and logical result. It has absolutely killed the ocean shipbuilding of America. The Commissioner of Navigation notes in his present annual report that last year for the first time in our history no square-rigged vessel for the deep-sea trade was launched on either the Atlantic or Pacific coastline, and that only one steamer for the foreign trade remained under construction in any American shipyard. Our shipyards, by the way, have not received an order for a steamship exclusively for foreign commerce since June, 1901.

The condition of the remnant of the ocean fleet of the United States is, therefore, absolutely desperate. With no new ships whatever being built, and with existing vessels succumbing to age or casualties of the sea, a swift and appalling shrinkage in our skeleton fleet is inevitable next year and the years beyond unless some vigorous measure of relief is immediately adopted. The disappearance of our ships is reflected at once in the depression and disaster that crowd upon our shipyards. But for naval work and coastwise tonnage, always inadequate to fill the yards, there is not a steel shipyard in the United States that would now be earning enough money to pay its office force, and it has been testified before the Commission that nearly one-half of the skilled American shipyard workmen are now idle or engaged in the roughest and cheapest of manual labor.

#### OUR NATIONAL HUMILIATION.

Here is a condition on which no American worthy of the name can look without a smarting sense of humiliation. We have deepened our harbors at an expense of millions upon millions of dollars, almost exclusively for the use of foreign steamships. We are building the Panama Canal through which very few American steamships will pass unless our merchant marine is rehabilitated. We have built a strong navy, in large part to protect our commerce, which is vanishing

from the ocean. Our war fleets in the Mediterranean and South American waters scarcely see a United States merchant flag from one year to another, and our battle ships, cruisers, and gunboats on the Asiatic station outnumber four-fold the merchant steamers that regularly ply from the United States to Eastern ports. Our sea power, in the important point of a merchant reserve of ships and sailors, is as empty as Russia's naval might has proved to be in the war with vigilant and prepared Japan. Though proud of the greatest of naval historians, the United States has until now disregarded his admonitions, which for half a dozen years have been heeded in Tokyo while seemingly forgotten in Washington. Says Captain Mahan:

When the day comes that shipping again pays, when the three sea frontiers find that they are not only militarily weak, but poorer for lack of national shipping, their united efforts may avail to lay again the foundations of our sea power. Till then, those who follow the limitations which lack of sea power placed upon the career of France may mourn that their own country is being led, by a like redundancy of home wealth, into the same neglect of that great instrument. (*The Influence of Sea Power upon History, Period 1660-1783, p. 39.*)

#### HANDICAPS ON OUR SHIPPING.

Though the Commission in its inquiry throughout the country has asked for specific suggestions of remedial legislation for the future rather than explanations of the past, yet the causes that have brought the decline of our merchant shipping have not been neglected at the hearings throughout the United States. One, and a prime cause, is clearly stated by the President of the United States in his annual message to Congress in 1901:

All our ships, sailing vessels and steamers alike, cargo carriers of slow speed and mail carriers of high speed, have to meet the fact that the original cost of building American ships is greater than is the case abroad; that the wages paid American officers and seamen are very much higher than those paid the officers and seamen of foreign competing countries; and that the standard of living on our ships is far superior to the standard of living on the ships of our commercial rivals. Our Government should take such action as will remedy these inequalities. The American merchant marines should be restored to the ocean.

These superior wages and superior conditions are undeniably a great obstacle now to the growth of our merchant fleet, just as at first they were an obstacle to the growth of our manufacturing. Yet American enterprise and determination, long encouraged by the National Government, have finally triumphed over these early disadvantages. Evidence before the Commission, notably in the important hearing of November 19, 1904, at Newport News, shows that wages in American shipyards are from 50 to 100 per cent above wages of similar labor in Europe. Yet the American-built ship does not always cost 50 or 100 per cent more than the foreign ship. Indeed, such a wide difference as 60 per cent is temporary and exceptional. There seems to be no doubt that even in the present difficult stage of the industry both the labor and the administration in American shipyards are more efficient than in foreign shipyards, though this superiority is far from bridging the entire difference in cost.

#### AN AVERAGE OF FORTY PER CENT.

Mr. P. A. S. Franklin, of New York, vice-president of the International Mercantile Marine Company, which has had the largest

experience in ownership under both American and foreign flags, estimates that an American-built steamship, suitable for the North Atlantic trade, would cost about 40 per cent more than a British-built steamship. This is a formidable difference in a 12,000-ton steamer costing upward of two million dollars. Indeed, it happens that just at present there prevails in England the period of dullness which alternates with activity in shipbuilding, as in every other industry the world over. To keep their machinery in use and their workmen together, British builders have recently bid for new construction at unprecedentedly low rates, which mean, probably, a loss and certainly no profit. Some of these British "panic" bids have been but about one-half of what an American yard, figuring for a small profit, has asked for a similar vessel.

If the normal range of ship cost between the United States and Great Britain were as wide as this, the problem of creating an American-built merchant fleet for ocean trade would manifestly be almost hopeless. But such a difference is not normal; it is temporary; indeed, it is even now passing away. Recent actual bids of American, British, and German yards for typical North Atlantic steamships, which have been communicated to the Commission, show an American excess of cost of about 47 and 37 per cent—the German figure being, significantly, the lowest. In the hearing at Baltimore, May 28, 1904, Mr. F. W. Wood, president of the Maryland Steel Company, testified that once, bidding against a north of England firm for some cargo steamships, he came within 15 per cent of the English figures—but this, as indeed Mr. Wood said, was also exceptional. He placed the average difference in cost between American and British ships under present conditions at from 30 to 50 per cent.

#### AS TO COST OF MATERIAL.

In this connection there arises a factor in the present cost of American ships which the Commission has no desire to overlook. It calls for some plain speaking. The tariff laws of the United States now, as for more than a decade past, allow the free importation of all materials to be used in building or repairing an American ship for the foreign trade or building for foreign ownership. This authority is found in sections 12 and 13 of the free list of the Dingley law, as follows:

SEC. 12. That all materials of foreign production which may be necessary for the construction of vessels built in the United States for foreign account and ownership, or for the purpose of being employed in the foreign trade, including the trade between the Atlantic and Pacific ports of the United States, and all such materials necessary for the building of their machinery, and all articles necessary for their outfit and equipment, may be imported in bond under such regulations as the Secretary of the Treasury may prescribe; and upon proof that such materials have been used for such purposes no duties shall be paid thereon. But vessels receiving the benefit of this section shall not be allowed to engage in the coastwise trade of the United States more than two months in any one year except upon the payment to the United States of the duties of which a rebate is herein allowed: *Provided*, That vessels built in the United States for foreign account and ownership shall not be allowed to engage in the coastwise trade of the United States.

SEC. 13. That all articles of foreign production needed for the repair of American vessels engaged in foreign trade, including the trade between the Atlantic and Pacific ports of the United States, may be withdrawn from bonded warehouses free of duty, under such regulations as the Secretary of the Treasury may prescribe.



The scope of these provisions is very broad—all materials for the construction of the hull and machinery, and, besides, all necessary articles of equipment. But vessels thus constructed can not engage in the coastwise trade for more than two months in any one year, except the long-voyage trade between the Atlantic and Pacific seaboards. No American shipowner under present conditions builds a deep-sea ship, even though she be designed primarily for foreign commerce, without considering that he may be glad some day to fall back on the coastwise trade, now extended to Hawaii and Porto Rico and soon to include the Philippines. Therefore this apparently liberal privilege of free materials has not checked the decline of American ocean shipbuilding, and has been availed of for the complete construction of only one large steel ship, the *Dirigo*, built by Arthur Sewall & Co., at Bath, Me.

The Messrs. Sewall say that the peculiar status of the *Dirigo* is the cause of frequent anxiety to them, for if the vessel were to be for more than two months on the voyage from Puget Sound to Hawaii, the duties would have to be paid on the foreign plates, angles, and beams, of which she is constructed. Small amounts of foreign steel are occasionally imported for ship use, but the whole quantity is inconsiderable, and though the Sewall yard has built several steel ships since the *Dirigo*, it has never again invoked the free-list privilege.

#### AN INJUSTICE TO OUR BUILDERS.

American ships continue to be constructed of domestic steel, even when designed for foreign service. This fact lends large importance to certain testimony which appeared most explicitly in the hearing of June 28, 1904, at Cleveland, though the fact had been alluded to elsewhere. Mr. James C. Wallace, then vice-president, now president, of the American Shipbuilding Company, said:

Recently one of our largest steel mills sold abroad 100,000 tons of steel plate. They delivered it, I understand, at Belfast, at \$24 a ton. That would practically mean, with ocean rates as they are, \$22 a ton at tide water. They are charging us to-day, at Pittsburg, \$32 a ton. A differential of \$10 in a ship carrying 5,000 tons is \$50,000. That is the shipbuilder's profit.

And again in reply to questions:

Representative GROSVENOR. I want to know who bought the steel you speak of?

Mr. WALLACE. The Harland & Wolff Company, Belfast.

Representative GROSVENOR. From whom did they buy it?

Mr. WALLACE. The United States Steel Corporation.

Representative GROSVENOR. Do you know where it was shipped from?

Mr. WALLACE. I do not. I presume from the Carnegie Steel Company. I do not know that, though, for a fact, as they have so many mills.

Representative GROSVENOR. And their present price to you is \$32?

Mr. WALLACE. Thirty-two dollars a ton, Pittsburg.

Representative GROSVENOR. And that was laid down at Belfast at \$22?

Mr. WALLACE. Twenty-four dollars.

Whatever may be said for the occasional sale abroad of surplus manufactures below the domestic price, this, manifestly, is a case for which the familiar defense is quite impossible. American shipbuilding is terribly depressed; it is essentially an unprotected industry in the foreign trade, and when American steel mills, long and amply protected, sell material to foreign shipyards at eight or ten dollars

below the price asked from American yards, these steel mills simply heap an unjust and intolerable burden upon an interest now well-nigh prostrate.

A sense of fair play, or even cool business prudence, should make it manifest to the steel companies that they ought to do their utmost to encourage the struggling American shipyards. For, after all, the best and permanent market for American ship steel must be in this country and not in Europe.

#### AN EXTENSION OF THE LAW.

In view of these circumstances, the Commission recommends that the law be so changed that the period during which ships built of free materials are allowed to run in the coast trade be extended from two months to six months; and also that the privilege of all-the-year-round service now granted in the Atlantic-Pacific trade be extended to the trade with the Philippines, which, on July 1, 1906, comes under the coastwise laws and regulations. This especial treatment of ship material can, we believe, be justified by the peculiar importance of ocean shipping in the promotion of our commerce and the national defense, and also by the fact that this ocean shipping has remained so long an almost forgotten and unprotected industry.

But it must not be hastily assumed that even the absolutely free importation of materials will of itself immediately reduce the cost of American ships to the foreign figure. After all, the steel materials, while a large are not the dominant factor in the cost of ship construction. For example, an 8,000-ton ship would require about 3,500 tons of steel. Reducing the cost of all that material \$8 a ton would reduce the cost of the completed ship \$28,000. But an 8,000-ton ship which costs \$450,000 in the United States can be built for from \$100,000 to \$150,000 less in England. The real dominant factor is thus not the price of materials, but the high wages of the skilled American workmen who fashion the plates and beams into the finished ship.

#### A SPECIFIC EXAMPLE.

Convincing proof on this point was offered in 1900, when steel plates and beams, because of labor troubles abroad, were selling at \$40.86 in England, and \$28 in the United States. Boston shipowners at that time invited bids from an American and a British builder for a cargo steamship of about 5,000 tons capacity. With both yards figuring for a small competitive profit, the American estimate was \$275,000 and the English \$214,000. The material of the American ship would have cost \$63,000; of the English ship, \$80,000. But this difference was more than offset by the higher wages paid to the American shipyard mechanics.

However, the narrowing of the difference of shipyard labor cost that will come with increased experience, improved standardizing and constant production, as it has come already in the bridge and locomotive works, makes the reduced cost of materials a factor of undeniable importance.

#### HIGHER SHIPBOARD WAGES.

But higher cost of construction, chiefly because of the higher range of shipyard wages, is only one of the present handicaps on American shipping in over-seas trade. There is also the higher range of wages

of officers and crew, and the higher cost, because more liberal variety and quantity, of food on shipboard. The laws of the United States require a scale of provisions the most generous in the world, and if the Government scale is waived, as it may be by mutual agreement of master and men, equally good food must be substituted. This, of course, is all as it should be, and must be in America, but wages and maintenance are unquestionably a present factor to prevent American ships from launching out into general and successful competition with foreign flags.

The difference in wages and in style of living is not greater between an American and a foreign ship than between an American and a foreign factory. But the higher wages of the American factory, and the superior comforts required by its work people are, and long have been, protected by tariff laws against the cheaper wages and the lower standards of foreign lands. Here is the real heart of this whole question of the American merchant marine.

#### THE ONE UNPROTECTED INDUSTRY.

American shipping in the foreign trade has been for forty or fifty years the only American industry exposed directly to foreign competition that has not been protected by the Government. There is no need to look beyond this one sentence for an explanation of the hard fact that this is the one American industry that has halted and shrunk while all others have made prodigious increase. And yet this industry was once almost the mightiest in America. The American merchant fleet from 1800 to 1860 was the second in size and the most enterprising, efficient, and profitable in existence. But throughout most of that time it was a protected industry—protected at first by discriminating duties and tonnage taxes, which were not completely removed against our most formidable rival until 1849; protected later by the California gold discovery and the Crimean war. When these factors lost their power, as they did in 1855–56, there came the sharpest and most significant decline that American shipbuilding has ever suffered in the half decade from 1855 to 1860.

When new and vigorous protection was applied by the National legislation of 1861 and the subsequent years to American manufacturing and land industries in general, the toilers of the sea, the enterprise of our ocean merchants, were unconscionably forgotten by the National Government.

#### HEAVILY BURDENED.

Not only were the shipowners and seamen forgotten in their bold and hazardous industry, but heavy burdens were heaped upon them in the war taxes, for which manufacturers gained compensation in the protective tariff. The heavy blow struck by the war itself at our merchant shipping is, of course, historic, but there were economic disadvantages scarcely less severe and more protracted. The American shipowner who built a ship in the United States between 1865 and 1870 was in a position analogous to that of a manufacturer compelled to pay heavy duties on his machinery and his materials, and yet absolutely denied protection on the finished product of his industry. This finished product of the shipowner was his service, his transportation. It is a vivid proof of the incomparable American genius for the sea

and its affairs that several hundred thousand tons of American shipping have survived until to-day an economic blunder that would have long since driven a manufacturing industry to utter bankruptcy and dissolution.

#### A FLOATING FACTORY.

The American merchant ship is essentially a floating factory. It is built and maintained at the American wage rate; but there is this vital difference, that, while land factories are covered by national protection averaging almost 50 per cent, these floating factories, the few that are left, work up and down the ocean without any protection whatever, save that granted to a few steam lines by the postal subventions of the law of 1891.

These American ships, it is true, can secure their labor where they will. Our navigation laws, almost the laxest in the world in this respect, merely require that, except on mail ships only, the captain and the officers of deck and engine room need be American citizens. But because an American ship fits out and begins her voyage in the United States she naturally secures her crew there, and pays the high wages of her flag and port. Her foreign competitors, on the other hand, fit out and secure their crews at their home ports, where wages are adjusted to local conditions, and supply here only the waste of casualty or desertion.

The handicap of wages against the American ship, as the testimony before the commission demonstrates, ranges from 30 to 60 per cent, except on the Pacific, where rates for white crews in the coast trade are almost the highest in the world, and regular American liners to the Orient employ Asiatic seamen and firemen.

The American sailor, native or naturalized, an able-bodied, hardy, courageous man of peculiar value in the stress of war, would seem to be at least equally as deserving of the consideration of his Government as the worker in a cotton factory, and it is not apparent why a tin-plate rolling or dipping mill should be more important to the United States than a great shipyard equipped to build not only merchantmen, but battle ships and cruisers.

#### THE CASE OF THE SEAMEN.

One essential clause of the bill creating the Merchant Marine Commission directed it to ascertain "what change or changes, if any, should be made in existing laws relating to the treatment, comfort, and safety of seamen, in order to make more attractive the seafaring calling in the American merchant service." Without this a merchant-marine inquiry would, of course, be incomplete, for, as a sailor-author has well said, there can be no upbuilding of American shipping which neglects the personal equation. After all, it is the officers, the men, and the boys that make up the soul of the ship, which is so much inanimate wood or steel without them.

Authorized representatives of the seamen have been heard by the Commission on the Atlantic, the Pacific, and the Gulf of Mexico. They have had a conspicuous part in almost every meeting, and their evidence is fully set forth in the published volumes. As a rule, this testimony is to the effect that general conditions of life in the Ameri-

can merchant marine—wages, food, quarters, etc.—are superior to those in foreign services, but that the discipline is often more exacting and the work more arduous. These seamen witnesses frankly acknowledge the beneficial effect of legislation enacted in recent years by Congress, but they ask for further measures of relief. The Commission would, therefore, commend to the friendly attention of the proper committees of the Senate and the House of Representatives requests offered by the sailors as to the load-line law, the adequate manning of seagoing ships, imprisonment for desertion in foreign ports, and certain standard qualifications of seamen.

It will readily be recognized by Congress and the country that it is not enough that American seamen should be merely on a parity in wages, treatment, and comfort with foreign seamen. That will not suffice to draw American boys in any considerable numbers into our merchant fleet. The conditions of life in American shipping ought to be not only as good as, but distinctly better than, in foreign shipping. They are better already in most respects; that is unquestioned. But they ought to be made better in all respects.

And above all, there must be a constantly increasing number and tonnage of American ships, for American boys of the right kind will not go to sea or into any other calling that is lagging and unprosperous. They will enter no profession that does not offer an opportunity to get ahead. There was a time, not so very remote, when American boys by the hundreds, from high schools and sometimes from colleges, were every year entering cheerfully on the hardships and perils of a sea life, because it was, as it still is, a brave and adventurous life, irresistibly appealing to their manhood, and because beyond the fore-castle they saw prospects of profit and command. When America again has her ships on every sea the boys will be forthcoming. All they ask is a square deal and a fair chance of advancement.

#### FOREIGN SUBSIDIES AND BOUNTIES.

Beyond the lower first cost of foreign ships and the lower cost of maintenance of these ships—due in both cases primarily to lower wages—there is a third serious handicap upon American shipping in the subsidies and bounties bestowed upon a part or all of the merchant fleets of foreign governments. These subsidies and bounties, as compiled from the report of the Commissioner of Navigation for 1901, are as follows:

Country.	Mail.	General.	Total.
Austria-Hungary .....	\$1, 288, 201	\$656, 270	\$1, 944, 471
Denmark .....	82, 455		82, 455
France .....	5, 019, 703	3, 623, 720	8, 643, 423
Germany .....	1, 825, 651		1, 825, 651
Great Britain .....	a 4, 874, 243	662, 859	5, 536, 612
Italy .....	1, 757, 812	1, 061, 639	2, 819, 451
Japan .....	2, 865, 881	76, 465	2, 942, 296
Netherlands .....	367, 468		367, 468
Norway .....	48, 338	89, 218	137, 556
Portugal .....	63, 300		63, 300
Russia .....		1, 595, 701	1, 595, 701
Spain .....	1, 629, 927		1, 629, 927
Sweden .....	81, 849		81, 849
Total .....	19, 904, 778	7, 765, 382	27, 670, 160

a New Cunard subsidy of \$1,100, 000 not included.

The maritime policies of the foreign nations may be thus summarized:

Great Britain pays generous mail subsidies to her chief steamship lines, admiralty subsidies to her fastest vessels, and retainer bounties to many thousands of her seamen.

Germany bestows liberal mail subsidies upon several steamship lines, especially those of recent development, and encourages her shipyards by hauling material at nominal cost on the State railways—in effect a bounty to shipbuilding. German shipyards are further aided by the requirement that mail steamers of the Imperial lines shall be constructed in Germany by German workmen. Moreover, the State railways grant preferential rates to goods intended for export by the Imperial lines—in effect a bounty on navigation. It is stated by British steamship managers that the passage through Germany of emigrants from other countries bound overseas is obstructed in every possible way unless they hold tickets by German steamers. Finally, the German Government, or individuals composing it, are understood to be interested in the great German shipyards and steamship companies, so that there is virtually a close partnership between these enterprises and the Empire, and the German people regard their merchant marine with the same intense patriotic devotion as their navy.

France gives mail subventions to her great steamship lines, construction bounties to her shipyards, and navigation bounties to all French shipping, steam or sail, engaged in overseas commerce.

Italy grants mail subventions, construction bounties, and navigation bounties to all her ocean vessels, steam or sail.

Austria-Hungary gives construction bounties, and mail and navigation subsidies to her ocean fleet.

Holland grants subventions to her colonial mail service.

Spain grants subventions and other privileges to her ocean mail lines.

Russia bestows encouragement through subsidy on a part of her merchant shipping, this going chiefly to one concern, the so-called "volunteer fleet," really controlled by the government.

Denmark gives modest mail subsidies to her few lines, including a West India service.

Sweden grants mail subsidies, and in addition lends government money to shipowners to aid them to buy new vessels and enter ocean trade.

Norway gives direct bounties to encourage native shipbuilding and also grants mail subsidies, which have checked the growth of British shipping in certain trades of north Europe.

Japan has a most comprehensive system of national aid to shipping—bounties to shipyards, subsidies to mail lines, bounties upon navigation. Japan's ocean fleet has increased more rapidly of late years than any other shipping in the world.

China, at present, gives very little help to her maritime interests, to the encouragement of her shipyards and steam lines, or to the development of seamen. Her policy of *laissez faire* in overseas navigation bears the closest resemblance to that of the United States, and is naturally attended with the same consequences. Chinese ocean tonnage is inconsiderable. According to the Bureau Veritas, it is less than 60,000 tons, steam and sail both included.



## A WORLD-WIDE PRACTICE.

To sum up, therefore, it may be said that every nation possessing a deep-sea merchant fleet of any real importance encourages and supports this interest to the degree and in the way which its judgment approves or its national resources make possible. The most frequent form of this national assistance is the mail subvention to regular lines. Great Britain is the pioneer and chief exemplar in the policy of mail subventions. She began this practice on a large scale with the Cunard Line in 1839-40, and since then has expended between two hundred and fifty and three hundred million dollars in creating and sustaining her mail lines to every great port and market on this planet.

It is sometimes urged by those who desire to believe that a consistent free-trade policy has been maintained by the British Government that these enormous British subventions were bestowed merely to carry the colonial mails, with no purpose whatever to encourage British ocean trade or navigation. But that this academic view is wholly superficial and untenable is demonstrated by the British Government itself. A report of the Parliamentary committee on contract packets in 1853 on the Cunard and other subsidies thus speaks with authority as to the actual purpose of these generous subventions:

The objects which appear to have led to the formation of these contracts, and to the larger expenditures involved, were to afford us rapid, frequent, and punctual communications with distant ports which feed the main arteries of British commerce, and with the most important of our foreign possessions, to foster maritime enterprise and to encourage the production of a superior class of vessels, which would promote the convenience and wealth of the country in time of peace and assist in defending its shores against hostile aggression.

## TO NON-BRITISH PORTS.

Indeed, some of the heaviest British expenditures were not in the colonial service at all, but for lines not only to the United States, but to Colon, Brazil, and Argentina—in other words, to absolutely foreign lands. At least one of the British subsidized companies—the Pacific Steam Navigation—touched at no British port, but traversed the west coast of South America. Lindsay, the historian of British shipping, says of this enterprise, that was established by an American merchant who first sought aid unsuccessfully at Washington:

The extension of British influence and British commerce was doubtless the chief inducement for supporting this communication between the Republics of New Granada, Bolivia, Peru, and Chile, the nature and extent of that traffic rendering it necessary for the English to maintain mercantile establishments in the chief ports and towns of the western coast of the Pacific, and thus justifying the Government in incurring this expense. (W. S. Lindsay, *History of Merchant Shipping*, Vol. IV, p. 317.)

## RECENT BRITISH SUBVENTIONS.

This fixed British practice of creating, by generous subvention, steamship lines "for the extension of British influence and British commerce" continues to the present time. The new Cunard contract, involving the virtual gift of two great steamers with a subvention of \$1,100,000 a year, is a recent case in point. Another is the grant of a \$200,000 subvention for a new 14-knot steam line to the West Indies. And still another—a little earlier—is the subvention of \$291,000 to a British line of three ships for a service from Vancouver, British

Columbia, across the North Pacific to Japan and China—"a notable illustration of the generosity and courage with which England pushes her shipping interest," wrote the late Hon. William C. Whitney in his annual report as Secretary of the Navy. "Under such competition," Mr. Whitney added, "it is quite easy to conjecture what will become of the American flag and our resources in the way of a naval reserve in the North Pacific."

#### A HOPELESS COMPETITION.

Close alongside these heavily subsidized British steamers, out of the American ports of Tacoma and Seattle, a few miles southward, now run two large and three smaller American steamships, competing with the British line for freight and passenger traffic to and from the Orient. These American steamers received last year for carrying the United States mails the munificent sum of \$4,935. Close alongside the American steamers, right out of Puget Sound, runs a Japanese line, the Nippon Yusen Kaisha, which receives an annual subsidy of \$330,000 from the Japanese Government, and was given last year \$4,857 for carrying the United States mails.

Again to quote Mr. Whitney, "Under such competition it is quite easy to conjecture what will become of the American flag and our resources in the way of a naval reserve in the North Pacific." Mr. Alfred Winsor, president of the Boston Steamship Company, operating these American steamers, has given frank notice to a committee of Congress that unless some national aid equivalent to that of his foreign competitors is speedily bestowed he must haul down his flag and quit the route—and in that case the farmers and millers and lumbermen of the Northwest will lose the service of the largest and most efficient cargo carriers now running out of Puget Sound to the markets of the Orient.

#### STATE AID EVERYWHERE.

There is not an important commercial route anywhere on which the remnant of our American ocean fleet does not meet the keen edge of subsidized and bountied foreign competition. The five Pacific Mail steamers from San Francisco to Asia, which received \$63,902 last year for carrying a great amount of United States mail, run directly side by side, to and from the Orient, with a Japanese line of three steamers that receive \$600,000 a year from the Japanese Government. Germany pays \$1,340,000 a year to the North German Lloyd for a steamship service to the East Indies and Australia, and Great Britain pays \$1,660,000 to the Peninsular and Oriental.

Not only does this competition strike heavily at our unsubsidized trans-Pacific lines, but it absolutely prevents the establishment of an American East India service direct from the Atlantic coast via the Suez Canal or the Cape of Good Hope. Oriental goods brought by the subsidized British or German liners from the East are transferred in England or Germany to ships of the same flags or lines for transportation over the Atlantic. Thus the foreign subsidies that fifty years ago drove our clippers from the seas now stand a barrier across the course of American steamers.

## EVEN "TRAMPS" INCLUDED.

It may be said that British "tramps" and German "tramps" receive no subsidy, and that they are numerous. That is true, but indirectly even the "tramps" are and have been sharers in the general policy of national encouragement. The first British "tramps" years ago were built in yards and engined by machine shops that had been created and developed by the Parliamentary grant of subsidies to the Cunard Line, the Peninsular and Oriental, and the Royal Mail. These subsidies had an immediate and widespread effect upon the entire art of steamship construction in Great Britain, and gave that country at a critical stage an overwhelming advantage as against America.

The same process is now under way in Germany. Yards which build the subsidized liners and have their materials delivered at nominal rates by Government railways are thereby powerfully encouraged to build "tramps" or cargo boats in the intervals when no liners are required. Moreover, the great foreign subsidized mail companies own, besides the ships that earn their subsidy, a very large amount of ordinary commercial tonnage which indirectly shares the benefit of the subventions. Thus, when the \$1,100,000 subvention was recently awarded to the Cunard Line, that company was encouraged to construct not only the two great 24-knot ships, but several auxiliary vessels of moderate speed and heavy tonnage.

## IN SHEER SELF-PROTECTION.

As to the French, the Italian, the Austrian, the Spanish, and the Japanese vessels competing with our American ships, they are virtually all aided directly by their Governments, while Canada, with a sharp eye to American trade, has lately subsidized steam lines of her own to France, Africa, the West Indies, and, on both the Atlantic and Pacific, to Mexico. Even were there no wage difference against us, this now universal practice of State aid to shipping, in some form or another, on the part of our competitors, would eventually drive the American flag from the great trade routes of the ocean. To a very large part of the foreign merchant navies the eloquent words of Senator James Ashton Bayard, of Delaware, uttered in 1852, apply as truly now as they then did to the subsidized liners of England:

I am willing to trust American skill and industry in competition with any people on the globe when they stand nation to nation without Government interference. But if the treasury of a foreign nation is poured into the lap of individuals for the purpose of destroying the interests of my country, or for building up a commercial marine at the expense of the commerce and prosperity of the United States, I, for one, will count no cost in counteracting such Government action on the part of Great Britain or any foreign power.

## NEW LEGISLATION PROPOSED.

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This consideration of the serious threefold disadvantages, which American shipowners and seamen must now meet, brings us to the definite, imperative question, What remedy does the Merchant Marine Commission propose to Congress?

Our answer is embodied, as the result of eight months of inquiry and reflection, in the accompanying bill "To promote the national defense, to create a force of naval volunteers, to establish American ocean-mail lines to foreign markets, to promote commerce, and to provide revenue from tonnage."

For several years the Navy Department has been urging Congress to authorize a naval reserve of professional officers and seamen of the merchant service, who shall be in effect a militia of the sea, holding the same relation to the Regular Navy that is held to the Regular Army by the organized State militia and National Guard.

### OUR NEED OF A REAL NAVAL RESERVE.

The United States is the only maritime power, except Russia, which has not made provision for this essential factor of national defense. There is, it is true, a naval militia now existing in a few States, but as a rule it is composed of landsmen and is valuable in war only as an auxiliary in coast and harbor protection, where its advantage is unquestioned. But a naval reserve in the true sense, composed of men habituated to the sea, trained in its difficult work and hardened to its perils, has now virtually no existence in the United States, and nobody understands this better than the good and loyal officers of the State forces, especially those who, because of our sheer lack of such a reserve, were hastily drawn into the naval service on converted yachts or tugboats, or deep-sea cruisers, in the war with Spain. Not a few militia officers and men had at that time their first experience out of sight of land, and for the first time saw the sun go down behind an ocean horizon, "off soundings."

### A DANGEROUS NEGLECT.

There is, as has been said, one other maritime power besides the United States that is destitute of a trained seafaring reserve, and is in the same plight of fatuous unpreparedness. As a neutral observer, quoted by Rear-Admiral Luce to the Commission, page 1741, said of the Russian Baltic squadron before it sailed away:

The units of the ships' companies are brave, but as a rule are wanting in the high-sea experience and the elasticity that enable the seamen of the American and British navies to adapt themselves to new and difficult responsibilities as they arise.

Nor do the temperaments and traditions of the composite races that man the ships serve to correct these deficiencies. The service is compulsory, not voluntary, and a good portion of the crews is drawn from the interior. The merchant marine is relatively too unimportant to provide a proper nucleus of seamen, and the consequence is that many of the men serving on board ship have no sea aptitude, and are found afloat only because they have drawn an unlucky number in the conscription.

Russia exhausted her best officers and trained men in the first squadron whose ships now lie sunk at Port Arthur or hide dismantled in the neutral harbors of the Yellow Sea. It is not comfortable to think that but for our unbroken victories in the hundred days' war with Spain Russia's experience with the Baltic squadron might have been our own. It is the evidence of the admiral commanding on the coast of Cuba in that war that the United States had set afloat all its educated officers and skilled seamen in its first battle line, and that if a reverse had come there would have been no crews to man another fleet, even had the new ships been available.

At the present time it is well known that new ships and good ships are being laid up at the navy-yards because there are no officers for them, and because the regular navy quota of enlisted men is insufficient for the demands of routine peace service. Representative Richard Wayne Parker, of New Jersey, who has given much thought to this question of a naval reserve, made an able presentation of the case at one of the Washington hearings in November, and for his zeal and information the Commission offers sincere acknowledgment.

#### THE NAVAL VOLUNTEERS.

The bill as drafted by the Commission proposes, as the first essential step in the rehabilitation of our merchant shipping, to create a force of naval volunteers composed of the best officers and men of our merchant ships and deep-sea fishing vessels, and, having created this force, which must necessarily be small at first, to provide means for its healthy and sure expansion. As an inducement to enroll, and in frank recognition of the peculiar national value of a thorough-going seaman, a substantial retainer is offered ranging from \$100 a year for the master or chief engineer of a large steamship to \$25 for a sailor or fireman and \$15 for a boy. It is understood, of course, that officers and men shall receive regular pay, beside this retainer, during their period of actual naval instruction, and the terms and conditions of this period, which at first can not be long, and the regulations and qualifications of the service are left, as they ought to be, to be prescribed by the Secretary of the Navy. Enrollment in the naval volunteers is open to officers and men now in the coastwise service, but it is stipulated that to receive the retainer they must have spent at least six months of the year in the foreign trade or deep-sea fisheries.

#### A SMALL FORCE TO START WITH.

It is estimated by the Commissioner of Navigation, in his annual report for 1903, that "all American vessels on salt water which go out of sight of land for any time during the year would be fully manned by 50,000 men, including masters." Somewhat less than one-half, or perhaps 20,000, of these officers and seamen are native or naturalized American citizens. Out of these 20,000 officers and men probably not more than one-half would be eligible for naval volunteer service, and

it would require considerable time to enroll and instruct them. But the Navy has asked for a reserve of 20,000 in the bills which it has presented to Congress. It is therefore manifest that shipowners must not only be encouraged to employ these naval volunteers, but encouraged to build more ships to develop an increased naval reserve, as well as to advance the interests of commerce.

Thus section 2 of the bill authorizes the payment of an annual subvention of \$5 per gross registered ton for every vessel, steam or sail, engaged for twelve months in the foreign trade or deep-sea fisheries, \$4 for nine months, and \$2.50 for six months, provided that the vessel carries among her crew a certain proportion of naval volunteers, and provided further, that the vessel is held at the disposal of the Government in war, carries the United States mails, if so required, free of charge, maintains an efficient rating, and makes all ordinary repairs in the United States.

#### AN EXACT PRECEDENT.

An exact and authoritative precedent for the principle of this proposed legislation is to be found in the example of the fathers of the Republic. More than a century ago, on February 16, 1792, the Congress of the United States, acting on information contained in a report of Thomas Jefferson, Secretary of State, granted bounties from the Treasury to the men employed in the deep-sea fisheries and to the vessels themselves. (Jefferson's exhaustive memorandum will be found in Volume VII of "The writings of Thomas Jefferson," edited by H. A. Washington.) These bounties at first took the place of an allowance that had been made upon the exportation of dried fish, and were nominally at first in lieu of a drawback of the import duties paid on salt, but as a matter of fact were very much more than an equivalent.

The original bounties offered were at the rate of \$1.60 a ton to vessels below 20 tons, \$2.40 a ton to vessels of 20 and not more than 30 tons, and \$4 a ton to vessels of above 30 tons—the manifest purpose being to encourage longer trips and the use of larger and superior seagoing vessels. These payments were divided in a fixed ratio between the vessel and her crew. Only three or four months of actual sea service were required each year. This policy was interrupted during the period of the embargo, but it was resumed at the end of the second war with England, and, with some modifications and increases, it remained in force under all changes of parties and administrations until 1866. During a part of this period a separate bounty was allowed on the exportation of dried fish, but this was withdrawn in 1848 in favor of a drawback of the duty on the salt used in curing fish for exportation.

#### A POLICY OF THE FATHERS.

Under this policy of the fathers more than \$10,000,000 were expended between 1793 and 1851, and the tonnage of the cod and mackerel fisheries increased from 30,959 in 1793 to a maximum of 204,197 in 1862. Men of the fishing crews under this historic system received on the average a retainer of about \$2 a month for three or four months' service, or almost an equivalent to the \$25 per year offered to seamen by the terms of the present bill.

The chief motive of this time-honored policy of the founders of the nation, as the references to it in Congress abundantly prove, was the exact purpose of the present proposition—to create a sea militia, a force of naval volunteers, brave and hardy men, inured to the ocean, who should be prepared to defend the flag in war. History records how gallantly these naval volunteers responded. The *Constitution* in her later and most glorious cruises was manned largely by deep-sea fishermen, who were found in the crew of every frigate and sloop of war of 1812, and swarmed into the daring and effective privateers of that ocean conflict. When the Navy was again recruited for the war with Mexico, the deep-sea fisheries were again a ready source of the best enlistments, and so many thousand fishermen joined the Federal fleet in the civil war that the industry was well nigh abandoned—shrinking from a tonnage of 204,197 in 1862 to 76,065 in 1867.

#### A NATIONAL INTEREST NOW.

At that time, and for many years before, the deep-sea fisheries were not the genuinely national industry they have now become, when their adventurous sails flash in the Gulf of Mexico and the far North Pacific. Seybert in his "Annals" (1818) declares: "Our fishermen have been almost exclusively confined to the New England States; of these Massachusetts had the greatest share. \* \* \* In the cod fishing, no vessel (except 48 $\frac{1}{4}$  tons returned for New Jersey in 1803 and 66 $\frac{3}{4}$  tons for Virginia in 1796) was owned south of New York." Yet until the unhappy quarrel that preceded the civil war, this national encouragement from the Treasury of a naval reserve aroused no party or sectional opposition. The policy, founded under Washington, through the counsel of Jefferson, stood under Madison and Jackson as well as the younger Adams. That identical principle—indeed, that identical method—with the sanction of three-quarters of a century upon it, is now again evoked in the present bill for the creation of another force of naval volunteers, applied anew to the deep-sea fisheries, and extended to the kindred service of the mercantile marine—for the fisheries are now too scant to provide alone the naval volunteers for a nation of 80,000,000 people.

#### FOR CARGO CARRIERS ESPECIALLY.

To the inevitable question, Will this naval subvention of \$5 per gross ton per annum, payable to a given vessel for no more than ten years, suffice to solve the whole problem of our ocean shipping, creating not only a fleet of capacious and useful cargo ships, but a fleet of fast and luxurious passenger ships?—to this question the Commission will frankly reply that no such complete result is to be expected. Regular mail liners of adequate speed on certain important routes are provided for in another way in another section. But this naval subvention of \$5 per gross ton does effectually bridge the difference of cost of construction and cost of maintenance, based on wages here and abroad, so far as concerns the average freighting vessel, steam or sail. To this extent it does equalize conditions, and thereby does give our merchant ships a fair fighting chance again upon the ocean.

Take, for example, the actual case of a new steam freighter, a typical cargo vessel, of 3,750 gross tons. Her fixed charges, based on

crew wages and maintenance and higher cost of construction, would be, approximately, \$13,000 a year greater than those of a British vessel of the same class, with a British crew—if a Chinese or Lascar crew, the difference would be four or five thousand dollars greater. Such a typical American ship would earn a subvention for a year's service, at \$5 per gross ton, of \$18,750, evening conditions, and perhaps a little more, by way of encouragement to the owners to build new vessels, employ more naval volunteers, and help to make new markets for American commerce.

#### ONLY EQUALIZES CONDITIONS.

It should be emphasized that this subvention only equalizes conditions, or, at the best, a little more. In no instance, with no kind of ship, is the subvention large enough to justify the owner in sailing without cargo. He must have a freight, and a good one, if he is to make both ends meet. To run without it means to pay \$3 or \$4 in wages, supplies, interest, taxes, depreciation, and insurance in order to earn \$1 of subvention. Therefore, no arbitrary requirement of a certain proportion of cargo is necessary; and it must be remembered that such a requirement would bear hardest on adventurous vessels seeking to create new trades, where at first a ship that fills one-third of her space is fortunate. It is just this seeking for new markets that the American people are most eager to encourage for the sake of farmers, manufacturers, and other producers at home.

#### ONE EVEN RATE.

It is to be noted that one even rate of subvention of \$5 per gross ton is provided for all vessels, sail craft included. This is the fairest plan that possibly can be framed. It is simple and intelligible. It is proof against all charges of favoritism and discrimination. Moreover, there is more than one urgent reason why sail vessels should have the same rate as steamers. Our present fleet includes many sail ships of high commercial efficiency. They are often still the pioneers of commerce, visiting new ports where trade is too small or channels too shallow for the steamers. They are the cheapest carriers of certain important cargoes, and their presence is everywhere a check upon exorbitant steam rates.

#### VALUE OF SAIL SHIPS.

But beyond all this, sail vessels of square rig or fore and aft rig are indispensable as schools of seamanship. Here their value is incomparable. Indeed the greatest steamship companies of Europe now maintain sail ships for the express purpose of training their young officers, and the United States Navy does the same. Within a few months the Navy has launched three vessels—sail ships, pure and simple—modeled closely after the merchant type, and to be used exclusively for training purposes. Both the cadets at Annapolis and the lads who are to be enlisted men receive their practical sea education to-day on sailing ships or steam vessels with the largest possible sail power.

As Rear-Admiral Luce, one of the ablest of the veteran sea officers



of the United States, testified recently before this Commission in Washington: "I am a strong advocate for keeping up, if possible, the sailing vessel as distinct from the steamer. \* \* \* It is desirable, from the naval point of view, that this species of industry should be encouraged by our navigation laws, for it is unquestionably true that it is that class of vessel that we must look to for sailors. Steamers produce seamen, it is true—men who acquire the sea habit—but not sailors in the strict sense of the word, men who do not only have the sea habit but the well-known characteristics of the sailor, his skill in meeting all the vicissitudes of life at sea, his contempt for danger, his self-reliance under difficulties, his adaptability to all sorts and conditions of circumstances. Men seasoned in that school soon adapt themselves to man-of-war life."

#### NOT ENOUGH FOR FAST, HIGH-COST VESSELS.

This proposed rate of \$5 per gross ton is unquestionably sufficient to equalize conditions for American sail vessels as against foreign sail vessels, save in the case of the excessively subsidized fleet of France. This same rate, as has also been said, is sufficient to equalize conditions for American cargo steamers, save in exceptional instances. The Commission is prepared to anticipate the criticism that this naval subvention will not of itself encourage the building of swift and expensive steamships. Indeed, we are ready to admit this without controversy.

We are frank to say, moreover, that it is our deliberate judgment that in the restoration of the American merchant marine it is the useful, hardworking cargo ship of steam and sail which should have the first and friendliest consideration. For the American people, though they are now sending many compact manufactured goods abroad, are still in the main producers of bulky commodities, so far as concerns their export commerce. Grain, provisions, cotton, lumber, cattle—things like these still make up the greater part of the value, as they do of the volume, of American shipments to foreign countries.

#### CARGO SHIPS THE NATION'S FIRST NEED.

The Commission believes that it interprets rightly the desire of the American people, as everywhere expressed at the hearings throughout the United States, when it provides first and foremost for the encouragement of the kind of ships best adapted to convey American export merchandise. We are glad to make this explanation promptly and fully at this time, but we do not feel that anything like an apology is necessary for so shaping the proposed bill that it will especially aid, and insure the construction of, commercial vessels that can most easily be built, owned, and managed by men of moderate means—vessels adapted to the present requirements of American ocean commerce.

Indeed, if we mistake not, this feature, frankly embodied in the bill, will be recognized as a distinct and important merit of the proposition, not only on the seaboard, but in the States of the South and West, whose fields supply the chief part of our outward cargoes.

#### NO MERE COMMERCIAL SUBSIDIES.

It can not be too strongly emphasized that the naval subventions offered in sections 2, 3, and 4 of the proposed bill are not bounties

outright or mere commercial subsidies, such as many of our competitors give, but are distinctly based on important public services rendered and to be rendered by the ships and shipowners that receive them. As to the constitutionality and expediency of such guarded subventions as these there can be no question whatever, in the light of the example of the fishery subventions given to both vessels and men for prospective naval service by the fathers of the Republic, and continued by their immediate successors.

It was not expected that these fishing craft themselves would fight; they never did so. But their gallant men did fight in every ocean war we ever had, and the Government from 1792 onward frankly recognized that in order to secure this indispensable naval reserve it must help to make and keep the entire industry prosperous. Those of our deep-sea fishermen who still remain possess the same peculiar value to the nation. No community of like size in the country contributed one-tenth so many first-class recruits to the Regular Navy of the United States in the war with Spain as did the famous town of Gloucester. Though the call did not come until the fishing fleets had sailed, Gloucester mustered several hundred fine, able-bodied seamen, and it is especially significant that 76½ per cent of the men offered at Gloucester were acceptable in intelligence and physique, while of the general applicants at Boston only 14½ per cent and of those at New York only 6 per cent were found qualified for the severe requirements of the naval service.

#### POLICY OF OTHER NATIONS.

France and Japan both pay what is in effect a naval bounty to their deep-sea fishermen. Canada gives to her vessels and men annually \$160,000 American money, the proceeds of the Halifax award. Great Britain includes the hardy fishermen of Newfoundland in her naval reserve, paying retainers and furnishing instruction. The British reserve altogether, merchant seamen and fishermen, consists, exclusive of officers, of upwards of 30,000 men, who each receive annual retainers of from \$15 to \$50. The method adopted in the proposed bill is therefore not only in harmony with American traditions, and indeed founded on authoritative precedent, but is in accord with the practice of the chief maritime powers of the world.

#### THE VIEWS OF JEFFERSON.

Mr. Jefferson had both merchant marine and fisheries in mind when in December, 1793, he wrote these memorable words to the House of Representatives:

Our navigation involves still higher considerations. As a branch of industry it is valuable, but as a resource of defense essential.

Its value, as a branch of industry, is enhanced by the dependence of so many other branches on it. In times of general peace it multiplies competitors for employment in transportation, and so keeps that at its proper level; and in times of war—that is to say, when those nations, who may be our principal carriers, shall be at war with each other, if we have not within ourselves the means of transportation, our produce must be exported in belligerent vessels, at the increased expense of war freight and insurance, and the articles which will not bear that must perish on our hands.

But it is as a resource of defense that our navigation will admit neither neglect nor forbearance. The position and circumstances of the United States leave them nothing to fear on their land board, and nothing to desire beyond their present rights. But on their seaboard they are open to injury, and they have there, too, a commerce

which must be protected. This can only be done by possessing a respectable body of citizen seamen, and of artisans and establishments in readiness for shipbuilding. (Report of Thomas Jefferson, Secretary of State, to the House of Representatives, December 16, 1793. "The Writings of Thomas Jefferson," edited by H. A. Washington, Volume VII, p. 647.)

The wisdom and force of this historic statement will be as gratefully recognized now, as they were then, by Mr. Jefferson's fellow countrymen.

#### NEW OCEAN MAIL ROUTES.

Wherever throughout the country the Commission has held its hearings the evidence has been unanimous in favor of the principle of the present ocean-mail act, approved March 3, 1891, and a very earnest desire has been expressed for its extension. When this law was passed the rates of compensation originally proposed were cut down about one-third by Congress. Experience has amply proved that this reduction was an error, for, though the older American mail lines have been sustained and developed by the law of 1891 and a few new lines have been created, yet the law has not sufficed to give the United States a complete system of mail communication with the great ports of the world and the chief markets for American merchandise. The American ocean mail lines now operating under contracts provided by the law of 1891, and the compensation received in the fiscal year 1904, are stated by the Superintendent of Foreign Mails as follows:

American Line, New York to Southampton .....	\$690, 483. 20
Oceanic Line, San Francisco to Australasia .....	283, 203. 00
New York and Cuba Mail, New York to Cuba and Mexico .....	206, 082. 00
Red D Line, New York to Venezuela and Dutch West Indies .....	103, 325. 00
American Mail, Boston and Philadelphia to Jamaica .....	92, 748. 00
Total .....	1, 375, 841. 20

#### NO CHANGE IN EXISTING LINES.

In the proposed bill not one dollar is added to the expenditure for any one of these five established contract lines. They are left exactly as they are at present, fulfilling, under the law of 1891, their agreements with the Government.

Moreover, this law of 1891 is not repealed, and it is not amended except as to certain specific new routes to be established and the new requirement of naval volunteers. Contracts authorized on these new routes are to be made in general in the manner provided for under the existing law, which has stood the test of almost fourteen years of actual experience.

But in one important particular the law of 1891 has undeniably failed. Its reduced compensation has not sufficed to establish contract mail lines to the greater countries of South America, to Central America, to Africa, or to the Orient. Therefore the Commission recommends in the proposed bill a substantial increase of compensation on certain specified routes where American steam service will be most likely to increase the foreign markets for American merchandise. These new routes are:

#### THE NEW SERVICES.

First. From a port of the Atlantic coast of the United States to Brazil, on steamships of the United States of not less than 14 knots speed, for a monthly service at a maximum compensation not exceeding \$150,000 a year, or for a fortnightly service at a maximum compensation not exceeding \$300,000 a year.

Second. From a port of the Atlantic coast of the United States to Uruguay and Argentina, on steamships of the United States of not less than 14 knots speed, for a monthly service at a maximum compensation not exceeding \$187,500 a year, or for a fortnightly service at a maximum compensation not exceeding \$375,000 a year.

Third. From a port of the Atlantic coast of the United States to South Africa, on steamships of the United States of not less than 12 knots speed, for a monthly service at a maximum compensation not exceeding \$187,500 a year, or for a fortnightly service at a maximum compensation not exceeding \$375,000 a year.

Fourth. From a port of the United States on the Gulf of Mexico to Brazil, on steamships of the United States of not less than 12 knots speed, for a monthly service at a maximum compensation not exceeding \$137,500 a year, or for a fortnightly service at a maximum compensation not exceeding \$275,000 a year.

Fifth. From a port of the United States on the Gulf of Mexico to Cuba, on steamships of the United States of not less than 14 knots speed, for a semiweekly service at a maximum compensation not exceeding \$75,000 a year.

Sixth. From a port of the United States on the Gulf of Mexico to Central America, on steamships of the United States of not less than 12 knots speed, for a weekly service at a maximum compensation not exceeding \$75,000 a year.

Seventh. From a port of the United States on the Gulf of Mexico to Mexico, on steamships of the United States of not less than 12 knots speed, for a weekly service at a maximum compensation not exceeding \$50,000 a year.

Eighth. From a port of the Pacific coast of the United States, via Hawaii, to Japan, China, and the Philippines, on steamships of the United States of not less than 16 knots speed, for a monthly service at a maximum compensation not exceeding \$300,000 a year, or for a fortnightly service at a maximum compensation not exceeding \$600,000 a year.

Ninth. From a port of the Pacific coast of the United States to Japan, China, and the Philippines, on steamships of the United States of not less than 13 knots speed, for a monthly service at a maximum compensation not exceeding \$210,000 a year; or for a fortnightly service, at a maximum compensation not exceeding \$420,000 a year.

Tenth. From a port on the Pacific coast of the United States to Mexico, Central America, and the Isthmus of Panama, on steamships of the United States of not less than 12 knots speed, for a fortnightly service at a maximum compensation not exceeding \$120,000 a year.

*Provided*, That the requirements of this section as to the rates of speed shall be deemed to be complied with if said rates are developed during a trial of four hours' continuous steaming at sea in ordinary weather in water of sufficient depth to make the test a fair and just one, and if the vessels are maintained in a condition to develop such speed at any time while at sea in ordinary weather. This trial shall be made under the direction and supervision of a board of naval officers which the Secretary of the Navy shall appoint upon the application of the owner or owners of the vessel to be tested.

#### FOLLOWING TRADE ROUTES.

It will be recognized that in every instance these proposed lines follow natural and important trade routes, and that several of them are valuable, not only for the commercial, but for the political relations which a regular American steamship service will assuredly promote.

The United States is Brazil's best customer. Nearly all of our imports from that country are on the tariff free list. We have also a considerable commerce with the countries farther south. Our interest in the welfare of these great American Republics is such that it is manifestly unjust and intolerable that not only must American traffic with Brazil and Argentina come and go in inferior and uncertain foreign ships, but that American merchants, and even the officers of our diplomatic, consular, and naval service must be forced to cross to England in order to secure first-class passage to Rio Janeiro and Buenos Ayres. So eager are Brazil and Argentina to gain regular and adequate steam communication with the United States that they have even intimated that they would defray part of the cost of the undertaking.

Our exports to South Africa are now upward of \$30,000,000 a year—almost entirely conveyed by foreign shipping. An American mail line to Cape Town and other ports, composed of capacious steamers of moderate speed, has been requested by American merchants interested in the trade, and is justified by every consideration of commercial prudence.

#### FOUR NEW GULF ROUTES.

Three of the ten new mail-steamship lines proposed are to have their origin on the Atlantic coast; four of the ten on the Gulf of Mexico. The Commission thoroughly believes that this liberal recognition of the Gulf ports is demanded by their present, and still more by their future, commercial importance. Galveston, New Orleans, Pensacola, Mobile, and the other commercial cities of that great coast line have excellent harbors, steadily improving rail connections, and behind them the productive wealth of the Mississippi Valley and the mighty Southwest. These Gulf ports ought, in all national equity, to have an American steamship line of their own to South America. They ought to have their own connections under the United States flag with Mexico and the West Indian archipelago. They are assured of these new steamship services through the specified mail routes of the proposed bill, and they will be enabled to create other commercial lines and to launch and run individual ships under the broader terms of the naval subventions.

#### THE GULF'S GREAT OPPORTUNITY.

In spite of climatic advantages, and the nearness of timber, iron, and coal, there is not to-day one large modern shipyard on the whole range of the Gulf of Mexico. The foreign vessels that now convey the commerce of Galveston, New Orleans, Pensacola, and Mobile are built abroad, repaired abroad, manned abroad, supplied abroad. Even the few of these foreign vessels which American capital owns employ almost no American labor.

This proposed legislation, in its mail and naval subvention sections, gives the Gulf States assurance of a new and important industry, absolutely essential to them if they are to realize to the full the magnificent advantages opened by the great Isthmian Canal. Under this proposed legislation, the Gulf cities can build their own ships, officer and largely man them—thus giving their boys a new field of employment—repair their own ships and supply them with their own materials, and thus keep at home all the profits of their ocean trade that now go over the sea to Liverpool, London, Hamburg, Bremen, Havre, Marseilles, Trieste, and Genoa.

The Isthmian Canal, built by American money, will bring not pride, but humiliation, to the American people if it floats, in foreign commerce, only foreign and no American ships.

#### THREE PACIFIC LINES.

Three of the ten contract mail lines of the proposed bill are on the Pacific Ocean. Like the Atlantic and Gulf services, they follow natural trade routes of large present and larger future importance. As the President of the United States said in the annual message to Congress,

in which he recommended the creation of this Commission, "The establishment of new lines of cargo ships to South America, to Asia, and elsewhere, would be much in the interest of our commercial expansion." Two new contract lines of mail and cargo steamers are therefore proposed in the accompanying bill, not only to Japan and China, but to the Philippines. These are very long routes, and in the Pacific coal is costly. It has thus been necessary to set the trans-Pacific subventions at a figure that may seem high, but that is not high considering the expense and the importance of the service.

Indeed, the Commission must say that it has not yet received any intimations that the offered subventions would secure a trans-Pacific service on either route, although there is satisfactory proof that the Atlantic and Gulf subventions will attract proposals from responsible bidders.

The need of regular mail and commercial service on the third Pacific route, from the western coast to Mexico, Central America, and the Isthmus of Panama, is unmistakable. No like subvention is offered on the Atlantic side, because the Panama Railroad Company already operates an American steam line under domestic postal contract from New York to Colon, and this has passed with the canal property into the possession of the United States Government.

#### NEARLY ALL NEW ROUTES.

As a rule, the ten new ocean mail routes specified in the proposed bill must be created from the beginning—not only the lines, but the ships themselves. There is not one American steamer now running to Brazil, not one to Argentina, not one to South Africa. On the four Gulf routes but one American steamer is now found—on the short line to Cuba. In the Pacific Ocean the situation is somewhat different. A service from San Francisco to China, Japan, and the Philippines is now maintained by five American steamers of the Pacific Mail and three British steamers of the Occidental and Oriental Company. If the Pacific Mail were to seek the proposed contract, the three British vessels would have to be displaced by new ships of American construction. There is not now, therefore, an "existing line" on this San Francisco route, as the proposed bill contemplates such a service.

Out of the ports of Puget Sound only two American steamers of the liner type now run to the Orient and the Philippines. Four other ships of at least equal size and speed would have to be secured to provide a contract service. On this northern route also there is no "existing line," such as would be required by the proposed subvention.

#### A COMPARISON OF RATES.

As to the maximum compensation offered, of \$420,000 per annum, for six American steamers on this northern route, it must be compared with the \$291,000 given to three steamers of the competing British line out of Vancouver—smaller ships, though fast, and of less commercial value than the large Americans.

This subvention of \$420,000 for six American steamers is to be compared also with the \$330,000 given to three steamers of the exactly parallel Japanese line from Puget Sound to the Orient.

As to the other trans-Pacific subvention of \$600,000 for seven or eight American steamers, it is comparable with \$600,000 received by

three Japanese steamers of a smaller type in direct competition out of San Francisco.

Whatever criticism may be made of the two trans-Pacific subventions of the proposed bill, it can scarcely be urged that, judged by foreign standards, they are unreasonable and excessive.

#### THE ATLANTIC SUBVENTIONS.

On the Atlantic the maximum subvention of \$300,000 offered for the first Brazil line is about twice the amount granted under the present law, which has absolutely proved to be inadequate. The British Royal Mail service to the West Indies and South America received at first \$1,200,000 and then \$1,350,000 a year, but on the final successful establishment of the line the amount was gradually reduced. It is now about \$400,000 for a double service to the West Indies, Brazil, and Argentina, but a new West India line has lately been started with a subvention of \$200,000.

The proposed subvention to the new American line to Argentina is set at \$375,000 a year—the distance being greater than to Brazil. It has not seemed feasible to unite these South American services, for such mail as is now carried to Brazil or to Argentina by slower foreign steamers goes to one country or the other direct. The distance to South Africa is greater than to Argentina, but the required speed is less, so that a subvention of \$375,000 is not inequitable.

On the Gulf-Brazil route the subvention is set at \$275,000, or \$25,000 less than on the North Atlantic route, but the stipulated speed is 2 knots lower, which is not an unfair balance. The subventions of \$75,000 for the Gulf-Cuba line and the same amount for the Gulf-Central American line and of \$50,000 for the Gulf-Mexico line are relatively small amounts, but the distances are short, the ships required are not large, and good steam coal is available.

The exact tonnage of the steamships on these new mail routes is not specified in the proposed bill. That is a detail which can best be left to the shipowner and merchant, who know best what a given trade demands and justifies.

#### NO "OCEAN GREYHOUNDS."

Frankly, these proposed new mail subventions do not look to the creation of an "ocean greyhound" class. Almost the only "greyhounds" in the world are to be found on a few North Atlantic lines to Europe. It has seemed to the Commission that the most useful mail steamships for distant commerce and the mail steamships which the American people most desired at the present time were modern, efficient vessels, combining moderate speed with large cargo capacity. Such are the steamships called for by the mail subventions of the proposed bill. Their speed, it is believed, is adequate but not excessive. Commercial value is nowhere sacrificed to mere record breaking. At the same time, the stipulated speed is believed to be always at least equal, and in most instances superior, to the average rates of foreign steamers now running in the same or similar services.

For example, only two of all the foreign vessels that last year received United States mails at New York for South America possess even a nominal speed of 14 knots, the rate required from all the new

ships of our proposed lines to Brazil and Argentina. Foreign steamers from New York to South Africa are now of from 8 to 11 knots, and 10 knots is above the average speed of the foreign craft now trading within the Gulf of Mexico.

On the trans-Pacific routes, the fastest ships now afloat are American built, and belong to the Pacific Mail Company. The required speed for steamers on the North Pacific line (13 knots) is three knots less than via the Hawaiian line, but the northern route is the shorter to the Orient, and the winter voyages are often too rough and stormy for high speeding. The three British North Pacific liners are nominally of 16 knots, but it is understood that they are never driven to their maximum.

#### A NAVAL RESERVE FLEET.

Just as is required by existing law, whose safeguards are in no way relaxed, the contracts for the new ocean mail routes of the proposed bill must be awarded, after public advertisement, in free and fair competition, to the lowest responsible bidder offering terms satisfactory to the Post-Office Department, and the ships offered can receive no other subvention or bounty from the United States. As required by existing law, the new mail steamships must be built under naval inspection, and the faster of them must be strengthened to mount powerful guns as armed auxiliary cruisers, while the slower vessels serve as equally indispensable transports or supply ships. The speed of all must be tested on an official trial and certified by the Navy Department, and all these mail ships, of any speed, must be held at the disposal of the Government in war. Moreover, they must all carry a quota of men and boys of the naval volunteers. Thus there is guaranteed a new naval reserve of both ships and seamen, and an important reinforcement not only of the commercial power but of the defensive power of the United States.

#### NO NEW DEPARTURE.

The general method of the proposed bill in its mail subventions involves no new departure from the established practice of the Government. These mail subventions are not in any opprobrious sense a subsidy or bounty. They are granted frankly in compensation for public services rendered and to be rendered. As far back as 1841, the year after the Cunard Line appeared with its British mail contract, Senator Thomas Butler King, of Georgia, began his memorable and successful advocacy of national encouragement to American mail lines on the North Atlantic. Mr. King was ably supported by Senator Thomas J. Rusk, of Texas, and in an annual message to Congress President Polk urged:

The enlightened policy by which a rapid communication with the various distant parts of the world is established, by means of American-built steamers, would find an ample reward in the increase of our commerce and in making our country and its resources more favorably known abroad; but the national advantage is still greater—of having our naval officers made familiar with steam navigation, and of having the privilege of taking the ships already equipped for immediate service at a moment's notice, and will be cheaply purchased by the compensation to be paid for the transportation of the mail, over and above the postage received. A just national pride, no less than our commercial interests, would seem to favor the policy of augmenting the number of this description of vessels.



## OUR EARLIER LEGISLATION.

In 1845 and 1847, Congress passed acts offering a subvention for an American ocean mail service from New York to Havre and Bremen. A new line of American-built steamships was immediately established. A second subvention created the celebrated Collins Line from New York to Liverpool, and other subventions created an American steam service to the West Indies, to the Isthmus of Panama, and from the Isthmus northward in the Pacific Ocean.

As a result of this enlightened statesmanship, the United States from 1850 onward for several years built more ocean steamships than Great Britain did, and better steamships, superior in size, speed, power, and commercial value. There were some lamentable disasters at sea in this period, to remind the world that even steam had not conquered the perils of the ocean, but on the whole the advantage in safety and efficiency as well as in mercantile success remained with the ambitious and progressive builders and seamen of America.

This national policy, thus approved, would doubtless have continued unbroken to the present day but for the fierce and deplorable sectional quarrel in Congress that immediately preceded the civil war. This ended the rebuilding of our steam lines for the same reasons and in the same way that it abruptly checked the upbuilding of the Navy. In the white heat of this quarrel the mail subventions were withdrawn, and the north Atlantic steamships, struggling hard with subsidized British rivals, were abandoned.

It is sometimes said that this national effort to create a steam fleet by mail subventions failed of its purpose. But it failed only because the effort was given up in the very crisis of the contest. A few years more would probably have made our steamships as securely masters of the north Atlantic as our packet ships and clipper ships had been before them. Even as it was, the ending of the subventions did not break our grip upon the West Indies, the Isthmus, and the Pacific. We had gained there a foothold which our steamships have retained to the present time.

## GENERAL PRINCIPLES THE SAME.

The general principles of the ocean mail legislation of 1845-1858 were renewed in the ocean mail law of 1891, which for nearly fourteen years has stood unchallenged. It is worth recalling that the performance of the most important contract ever concluded under this act was begun during the second Administration of President Cleveland. The ocean mail sections of the proposed bill simply strengthen the existing act on lines where it has happened to prove inadequate. There is no departure from the method, and none from the purpose, of American ocean mail legislation of sixty years. But there is a distinct increase in the amount of public service required from the ship-owners, and the safeguards surrounding the contracts are greater than ever before.

## THE TONNAGE-TAX PROPOSITION.

There now remains to be considered the fourth and last feature of the proposed bill. That is a plan, outlined in section 8, to increase the tonnage taxes on all vessels, American and foreign, now entering our ports by sea in the foreign trade.

Tonnage taxes are practically the only Federal charges levied on shipping in American ports, for entry and clearance fees, etc., are too small to be considered. The present rates of tonnage taxes in the United States are lower than those of the principal maritime nations, and very much lower than the rates of some of those nations. Such charges are sometimes called "light dues," and their original purpose here as abroad was to provide from shipping a fund for lighting the coast for the benefit of shipping. Thus, during the year 1903, the light dues collected in the United Kingdom amounted to £548,196, while the expenses of the British light-house establishment were £499,404. From light dues, accordingly, the British Government met all cost of lighting the coasts of the United Kingdom, and had a surplus of nearly \$250,000 a year to add to an accumulated surplus for other years of nearly \$2,000,000.

The Commission believes that, with entire propriety, a similar general principle may be adopted in the United States. Our receipts from tonnage taxes in 1903 were \$885,841, while the expenses of our light-house establishment were \$4,538,105. The Commission does not propose to raise from tonnage taxes an amount sufficient to meet the entire cost of the light-house establishment for several reasons:

First. A relatively small part of our light-house establishment expenditures is for the rivers and the Great Lakes. Shipping is here in competition with the railroads, and a Federal charge ought not to be imposed on vessels from which railroad traffic is necessarily exempt.

Second. To an extent the same is true of the coasting trade. We have reserved our coasting trade to vessels of the United States, and for more than twenty years it has been the policy of the Government to pay out of the public funds many of the charges to which American vessels are subject. Accordingly for many years our coasting trade has been exempt from tonnage taxes. The coasting trade of Great Britain, on the other hand, and of some other foreign nations, is not a reserved trade, being open freely or conditionally to the vessels of all nations. Such countries accordingly with propriety levy tonnage or light dues on vessels in the coasting trade.

#### NOT AN UNFAIR CONTRIBUTION.

The Commission believes that the sum of \$3,000,000 is not an unreasonable contribution on the part of vessels in the foreign trade toward the maintenance of our national light-house, buoy, and beacon system, which this year will doubtless cost about \$5,000,000, and the rates proposed in section 8 of the bill have been adjusted so as to produce as nearly as may be that sum.

To raise this amount of revenue the maximum charge proposed on any entry is 16 cents, an amount lower than the corresponding rates charged by France or Italy, though nominally double the rates charged by Hamburg and Bremen. At these two principal seaports of the German Empire, however, the rate of practically 8 cents is imposed at every entry (with a slight diminution at Hamburg), while this bill provides that the tonnage taxes shall be imposed on only ten entries during a year.

The bill preserves the distinction in the present law by which vessels entering from ports belonging geographically to the North American system pay one-half the rates of vessels entering from the more

remote parts of the world. A geographical distinction similar in principle is observed by most maritime nations either directly or indirectly in the imposition of light dues or tonnage duties.

The proposition of the Commission further repeals the inexplicable misapplication of the principle of reciprocity to tonnage taxes found in sections 11 and 12 of the act of June 19, 1886. In brief, these sections provide that vessels shall be exempt from tonnage taxes in the United States on condition that in the ports from which they come no tonnage taxes or light dues or equivalent taxes are imposed on American vessels. If American vessels had a reasonable share in the trade of the world this system might be justified in theory, though in practice the revenue requirements of most nations would not permit of its application.

With the ocean carrying trade of the United States, however, almost entirely in the hands of foreign shipowners, this so-called reciprocity system is indefensible. In 1903, for example, American vessels paid in the United States in round numbers \$72,000 in tonnage duties, while foreign vessels paid \$810,000. Complete reciprocity, therefore, under this law would have given foreign vessels the benefit of \$12 exemption for each \$1 exemption secured to American vessels. The exemption in foreign ports would be in the same proportion, but the amounts would be considerably larger.

#### THE MARINE-HOSPITAL SERVICE.

The bill also repeals section 15 of the act of June 26, 1884, by which the proceeds from duties on tonnage heretofore have been devoted to the Marine-Hospital Service. The Commission realizes the excellent work, the progressive spirit, and the scientific methods of the Public Health and Marine-Hospital Service. It is to be observed, however, that the character of this Service has been materially changed by the legislation of recent years. Its functions have been extended from those of a purely maritime service to a national public-health service, and it seems proper, therefore, that its expenses should hereafter be met by direct appropriations in the same manner as that by which the Government provides for other general services.

Furthermore, the marine hospitals are maintained for the benefit of seamen on American vessels, and seamen on foreign vessels treated at these institutions are charged a moderate sum. As over 90 per cent of our tonnage taxes are paid by foreign vessels it does not seem just that this fund should be set apart as at present for the exclusive benefit of our own crews.

#### A REMISSION IN BEHALF OF BOYS.

It has been explained that the increase in tonnage taxes made in section 8 of the proposed bill falls alike on an American or a foreign ship that enters a port of the United States in foreign commerce. The chief maritime power in the world, the one that has been most successful in developing a strong naval reserve of merchant officers and seamen, and the one great power, moreover, that resembles the United States in dependence for naval strength on voluntary enlistments, has for several years followed a practice of remitting a part of its tonnage taxes to those of its own vessels that train boys for the merchant service and the Navy.

The Commission would invite especial attention to section 6 of the British merchant shipping act of 1898:

On proof to the satisfaction of the board of trade that a British ship has during any fiscal year carried, in accordance with the scale and regulations to be made by the board of trade, with the concurrence of the treasury, boys between the ages of fifteen and nineteen, there shall be paid to the owner of the ship, out of moneys provided by Parliament, an allowance not exceeding one-fifth of the light dues paid during that year in respect to that ship: *Provided*, That no such payment shall be made in respect of any boy unless he has enrolled himself in the royal naval reserve and entered into an obligation to present himself for service when called upon, in accordance with rules to be issued by the Admiralty. The scale and regulations aforesaid may be modified from time to time by the board of trade, with the concurrence of the treasury.

This section shall continue in force until the thirty-first day of May, one thousand nine hundred and five, and no longer, unless Parliament otherwise enact.

#### AN EXCELLENT PRECEDENT.

No protest against this remission of British tonnage taxes exclusively in favor of British ships has ever been made by the United States, because it is manifest that these ships have earned a fair title to especial national consideration through the rendering of an especial service to the Government. The education of these young seamen is rightly regarded as an important contribution to the national defense.

The Commission, therefore, has provided, in section 9 of the proposed bill, for a remission of a part of the tonnage taxes—amounting to 80 per cent of the increased rate—to American ships that carry a certain number of boys who are suitably trained in seamanship or engineering, and are either enrolled as naval volunteers or indentured as apprentices.

The report of the Commission has already emphasized the great importance of the personal equation in this urgent problem of the merchant marine. The thorough seaman must begin his calling as a lad, when his elasticity and adaptability are greatest. Few men remain at sea who first go when they are over 25 years of age. The encouragement offered to the training of American boys is purposely made a conspicuous part of this proposed legislation. For if a larger American merchant marine is to be created it will have imperative need of the pluck, energy, and determination of boys like those who crowded our new regiments in the war with Spain, but quit when the fighting was over, to go into machine shops, or to try railroading in the West, or prospecting in Alaska or South Africa or the Philippines, or any other adventurous outdoor life, with plenty of hardship and danger and some chance of profit.

#### AN UNEXAMPLED LIBERALITY.

No nation in the world has drawn on its treasury so freely as the United States for the improvement of rivers and harbors and the maintenance of an unequaled light-house, buoy and beacon, and life-saving service. The national expenditures on rivers and harbors from 1888 to 1904 reached the enormous sum of \$261,082,852; for light-houses, for huoyes, etc., \$23,320,086, and for the life-saving service, \$11,657,952—a total for these maritime purposes of \$296,060,890—while in all this time the foreign shipping interests, for whose benefit, largely, these heavy expenditures were made, returned only \$10,458,996 in tonnage taxes.

Some of our expenditures for rivers and harbors, light-houses, etc., have of course been on the Great Lakes or rivers of the interior, where foreign vessels seldom or never go, but by far the largest part of these disbursements has been made in navigable waters on or adjacent to the ocean. The costly deepening of harbors has especially inured to the benefit of foreign ships, for coastwise commerce, as a rule, has not required it, and the number of heavy-draft American vessels in the foreign trade is trivial. Only six American steamships of 10,000 tons gross register or upward now run in the trade of the Atlantic seaboard, and they all go out of the port of New York.

Our liberal river and harbor appropriations have always, as one sure result, enabled great foreign steamship companies to build immense craft and thereby increase their dividend rate per ton with the cordial assistance of the United States Treasury. No other government in the world has displayed such eager altruism in opening channels for the almost exclusive use of foreign flags. Meanwhile, the few American ships that visit foreign waters have been met there by tonnage, light-house, dock, and other charges, almost invariably higher than—indeed, often several times as high as—the charges on foreign ships in deep and secure American seaports.

This anomalous condition of affairs points straight to the necessity of an immediate revision of our tonnage-tax system. The Commission believes that in the proposed bill it has offered a method of providing increased revenue from tonnage, that, while just to the United States, is not unfair to the ships of foreign governments, long the chief beneficiaries of our generous policy of maritime expenditure.

#### ESTIMATED COST OF THE PROPOSED LEGISLATION.

As to the important practical question of the cost of the proposed legislation, the average of the annual retainers provided in section 1 of the bill for officers and seamen of the naval volunteers would be close to \$50 each. It is probable that in the first year no more than 3,000 naval volunteers could be enrolled and qualified—for this process, at first unfamiliar, will necessarily be slow. These naval volunteer retainers, therefore, for the fiscal year ending June 30, 1906, would call for a maximum expenditure of \$150,000.

As to the subvention for the ships themselves, the total registered gross tonnage of the United States, steam and sail, on June 30, 1904, was 888,628 tons. But it is well known that all this tonnage was not actually engaged in foreign commerce. Many steamships, whose employment is really coastwise, sail under register because they happen to touch at one foreign port. For instance, eight ships of a total of 52,857 tons of the American-Hawaiian fleet are registered, though engaged regularly in trade between New York, San Francisco, and Hawaii. Other vessels sail under register for similar purposes of convenience, including many small steam craft running to Alaska and on the Yukon River.

The actual foreign-going steam tonnage of the United States is easily ascertainable. It can be selected, ship by ship, from the short list of registered steel and iron steam vessels of above 1,000 tons. Smaller craft than these, or wooden craft of any size, are not likely to make a serious effort in foreign commerce. But from this list of registered steam vessels must be excluded—

(1) Twenty steamships of 107,385 tons now employed on mail lines under the law of March 3, 1891, which forbids them, under the terms of the proposed bill, to receive any other bounty or subvention.

(2) Steamships of a speed and character available for the new ocean mail routes proposed in the present bill—these numbering 19 of 151,442 tons.

This process of elimination leaves 44 steamships of 203,871 gross tons now registered in the United States and qualified to receive the subvention of \$5 a ton provided for in section 2 for ships engaged in foreign trade by sea for twelve months in a year. This steam fleet, therefore, would require in subventions the sum of \$1,019,355.

Besides this registered steam tonnage there are 150 registered American square-rigged sailing vessels of 200,000 gross tons. These vessels are now employed partly in long coastwise, and partly in foreign, voyages. It may safely be assumed that one-half of this square-rigged tonnage, under the encouragement of this bill, will engage for six months and one-half for nine months in foreign commerce, requiring, therefore, subventions at the six months' rate of \$250,000, and at the nine months' rate of \$400,000, or \$650,000 in all.

The schooners registered on June 30, 1904, for foreign commerce were 700, of 150,000 gross tons. But it is well known alongshore that few schooners engage exclusively in the foreign trade—for they go intermittently from coastwise to foreign carrying. Assuming that the subventions offered by this bill to the vessels themselves and to their officers and seamen will move the schooners to much larger participation in foreign trade—to the extent for the whole fore-and-aft fleet of six months in a year—the 150,000 tons of fore-and-aft shipping will require total subventions of \$375,000. There were on June 30, 1904, 567 enrolled vessels of 48,982 tons engaged in the deep-sea fisheries—small licensed craft below 20 tons not being included. This total deep-sea fishery tonnage of, in round numbers, 50,000 tons would on the average call for subventions at the nine months' rate of \$4 per ton, which would amount for the year to \$200,000.

The approximate cost of the proposed legislation in sections 1 and 2 for the first fiscal year, from July 1, 1905, to June 30, 1906, may therefore be summarized as follows:

Annual retainers to naval volunteers (3,000) .....	\$150, 000
Subventions to 44 registered steamships of 203,871 tons at twelve months' rate of \$5 per ton.....	1, 019, 355
Subventions to 100,000 tons of square-rigged sailing vessels at nine months' rate of \$4 per ton.....	400, 000
Subventions to 100,000 tons of square-rigged sailing vessels at six months' rate of \$2.50 per ton .....	250, 000
Subventions to 150,000 gross tons of registered schooners at six months' rate of \$2.50 per ton .....	375, 000
Subventions to 50,000 tons of deep-sea fishing vessels at nine months' rate of \$4 per ton.....	200, 000
Total .....	2, 394, 355

For the first year the increased tonnage taxes provided for in section 8 of the proposed bill would furnish a total revenue of \$3,025,529, out of which there would be remitted to American vessels carrying the required quota of boys—naval volunteers and apprentices—the amount of \$210,320.

## THE COST OF NEW OCEAN MAIL ROUTES.

The maximum subventions required for the complete service on the ten new ocean mail routes authorized by the proposed bill amount to \$2,665,000. This is the expenditure which must not be exceeded, but as the contracts are to be let to the lowest responsible bidders it is possible that the actual final cost may be considerably less than this. However, assuming that \$2,665,000 is the maximum, it may be said in the beginning that this full expenditure can not be reached for at least three years, for the majority of the ten new mail routes provided are absolutely new. There are, for example, no American ships whatever now running on the routes to Brazil or Argentina or South Africa, or in the Gulf of Mexico to Mexico and Central America. Moreover, there are few steamships now in existence in the United States qualified for this service, especially for the long lines southward beyond the equator. Nearly all of the tonnage required for these mail routes in the Atlantic, and a large part of that required in the Pacific, will have to be designed, launched, and completed, and fully three years will be necessary for this undertaking.

Even assuming that the few steamships that could be adapted to this mail service will be diverted from their present use, no more than one-fourth of the maximum of \$2,665,000, or \$666,250, could in all probability be expended on the new mail routes within the first fiscal year.

The United States is now paying a considerable sum of money for the carrying of ocean mails, on the weight basis, to American and foreign steamers on the new proposed mail routes. This sum amounted to \$158,401.46 in the fiscal year ending June 30, 1904. At least two-thirds of this, or about \$100,000, will be saved when the new mail routes are established, and should therefore be deducted from the maximum estimate of \$2,665,000, leaving a net maximum cost of \$2,565,000.

Moreover, the important fact should be emphasized right here that the United States is the only mercantile nation in the world that makes any profit out of its ocean mail service. Great Britain, for example, takes the entire income from its ocean mails and devotes it, with several million dollars more, to the encouragement of its chief lines of steamships.

The United States, on the other hand, according to the report of the Superintendent of Foreign Mails for the fiscal year ending June 30, 1904, actually made in that year \$2,579,336 beyond the net cost of the service, exclusive of the cost of transferring the articles between the United States exchange post-offices and the United States post-offices at which they were mailed or delivered. There will be general agreement that at least this apparent profit on the ocean mail service of the United States ought to be turned back to the encouragement of our ocean mail lines, and that is exactly what is contemplated in the mail subvention clause of the proposed legislation. In effect, the annual—not the accumulated—profit from our ocean mail service is hereafter to be devoted to the upbuilding of American steamship communication with distant markets. Great Britain goes beyond this, and applies to this purpose two or three millions more annually. The United States can at least afford to utilize in this way the full amount of its ocean-mail net income.

The maximum expenditure for the mail service, it should be remembered, can not be reached before the fiscal year beginning July 1, 1908.

The total expenditures for the first year, from July 1, 1905, to June 30, 1906, under the proposed bill, for naval retainers, subventions, and mail subventions, all included, would therefore be:

Naval retainers and subventions.....	\$2, 394, 355
Mail subventions (one-fourth of maximum).....	666, 250
Total .....	3, 060, 605

As to the probable rate of increase in the expenditures for the naval retainers and subventions to general shipping, it may be said that the proposed legislation would prove satisfactory if it added the second year 3,000 naval volunteers, at a cost of \$150,000, and 100,000 tons of new merchant and fishing tonnage of an effective type, in the ratio of 75,000 tons of steam to 25,000 tons of sail, the cost being \$375,000 and \$100,000, respectively, or a total increase for men and ships of \$635,000—making an aggregate expenditure for the fiscal year ending June 30, 1907, of \$3,029,355.

#### A JUST MEASURE OF RETALIATION.

An important memorial in regard to discriminating duties, which has been submitted to the Commission by commercial organizations of the central Northwest, states:

We believe that a great injury would result if the United States took the initiative in discriminating against the ships or goods of other nations. But if other nations discriminate against our products there should be a swift and severe retaliation. We should not commence commercial warfare, but if others inflict injuries upon us we must not shrink from vigorously protecting our own interests. If Great Britain takes the initiative and discriminates unjustly and injuriously against our agricultural export trade, then there should be invoked the old rule of conduct laid down by our fathers nearly a century ago to meet similar cases of injustice.

This memorial calls attention to the fact that there is nothing in our commercial agreement with Great Britain which could prevent Congress from meeting such a discrimination against our agricultural exports as involved in the proposed policy of Mr. Chamberlain by invoking against British vessels in the indirect carrying trade the retaliation authorized by section 23 of the Dingley law, as follows:

That no goods, wares, or merchandise, unless in cases provided for by treaty, shall be imported into the United States from any foreign port or place, except in vessels of the United States, or such foreign vessels as truly and wholly belong to the citizens or subjects of that country of which the goods are the growth, production, or manufacture, or from which such goods, wares, or merchandise can only be, or most usually are, first shipped for transportation. All goods, wares, or merchandise imported contrary to this section, and the goods wherein the same shall be imported, together with her cargo, tackle, apparel, and furniture, shall be forfeited to the United States; and such goods, wares, or merchandise, ships or vessel, and her cargo shall be liable to be seized, prosecuted, and condemned in like manner, and under the same regulations and provisions as have been heretofore established for the recovery, collection, distribution, and remission of forfeitures to the United States by several revenue laws.

As the Dingley law now stands, section 24 provides:

That the preceding section shall not apply to vessels or goods, wares, or merchandise imported in vessels of a foreign nation which does not maintain a similar regulation against vessels of the United States.

The Northwest memorial suggests that there be provided an amendment to section 24 of the Dingley law so that it shall at once be made ready to give full effect to section 23—

to protect any of our national interests against the aggression of maritime nations doing a profitable freighting business with our people by our sufferance. By that



means the maritime interests of Great Britain will understand that any injurious discrimination on the part of that Government against our people and goods will result in their exclusion from our indirect foreign freightage. This may or may not check hostile discrimination against us, but it will compel the consideration that there is more than one side to the proposition and that the injuries which we can and will inflict would counterbalance any possible benefits which that nation might receive by any preferential action against us.

The Commission heartily approves this plan for self protection as outlined by the commercial organizations of the Northwest, and recommends such action to Congress not only in defense of our agricultural interests against a hostile policy, but as a possible and effective method, if we are driven to it, of regaining for our ships an important commerce now all but monopolized by the fleets of our aggressive competitors.

#### THE TRANSPORT SERVICE.

In the hearings of last summer at Puget Sound and San Francisco it was discovered that mercantile sentiment on the Pacific coast very earnestly demanded the abandonment of the transport service to and from the Philippines, on which the Government had entered from necessity in the Spanish war. This transport service has been practically suspended on the Atlantic Ocean; it is only on the Pacific that it has been retained, and there it has been partly discontinued. But several large transports, foreign-built vessels, are still in operation between the Philippines and the Pacific seaboard, conveying not only soldiers, but all manner of Government freight and supplies, and even a considerable number of civilian passengers.

In other words, the Commission, instructed by Congress, on the recommendation of the President, to investigate the feeble and even desperate condition of the American merchant marine, found that the Government itself was directly and powerfully contributing to the decline of American merchant shipping on the Pacific Ocean by operating rival lines of foreign-built craft, and depriving American vessels, in a time of profound peace, of a business to which they were legitimately entitled. Not only this, but it was insisted that the Government was actually conducting this business at a very much higher price than that for which American shipowners were willing to perform the service.

#### A MATTER OF BOOKKEEPING.

To all of the members of the Commission who visited the Pacific coast, this procedure of the War Department appeared to be absolutely indefensible. It is true that in his recent annual report, the Quartermaster-General of the Army figures out a profit of \$398,236 for the transport service as compared with the rates which commercial steamers would have charged, but this profit, as a matter of fact, is altogether due to a radical difference in bookkeeping methods between commercial steamship companies and the Quartermaster's Department.

Steamship companies, like all other private business enterprises, are compelled to pay taxes, to pay insurance rates—and marine insurance is high—and to make large annual allowances for interest and depreciation. One of the witnesses before the Commission at San Francisco was the major and quartermaster in charge of the army transport service there. He was questioned as follows:

Representative MINOR. Major have you in your calculation made any allowance for deterioration?

Major DEVOL. No, sir.

Representative MINOR. Ordinarily, I believe, that is 5 per cent, is it not?

Major DEVOL. We do not carry that, neither do we carry interest on investment.

Representative MINOR. Then you do not pay any taxes, of course, as shipowners would have to pay?

Major DEVOL. No, sir.

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The CHAIRMAN. Do you insure the Government property?

Major DEVOL. We never insure.

The CHAIRMAN. So you take that risk?

Major Devol further stated that the original cost of the four transports now performing the Manila service "could probably be reckoned at \$4,000,000"—others were being held in reserve. The usual allowance of a steamship company for taxes, interest, insurance, and depreciation would not be far from 15 per cent per annum, or about \$600,000 on these four transports, to say nothing of the fixed charges on the others—charges which the Quartermaster's Department may ignore, but which can not be so lightly treated in the economics of an ordinary business corporation. Of course these charges would convert the profit of the transport service into an undeniable deficit.

#### COSTLY AS WELL AS UNWISE.

And though these charges may be overlooked, they can not be ignored. Deterioration proceeds as inevitably in the transport as in the liner. Most of these foreign-built transports on the Pacific were by no means new vessels when they were acquired. In general efficiency and economy of operation they are not to be compared with the new American-built commercial steamships which American enterprise has put into service on the Pacific Ocean since the war with Spain. A steamship manager at Seattle testified that his company could have saved the Government \$150,000 in two years if the supplies carried by an old foreign-built transport had been conveyed by his new commercial steamers. Said this witness, Mr. Frank Waterhouse, managing agent of the Boston Steamship Company:

I think I can show you that we can carry cargo cheaper than the *Dix*, for this reason if no other. On the *Dix* there is no return cargo from the Philippine Islands. All her cargo is one way. We could not begin to operate our line under any circumstances if we took cargo but one way. Now, we carry cargo both ways. Our average earnings eastbound are fully as much as our average earnings westbound. Of course, that is bound to tell in the cost.

Representative SPIGHT. In that way you are able to carry cheaper than the Government?

Mr. WATERHOUSE. Certainly; we carry cargoes both ways.

If the same bookkeeping methods by which such factors as taxes, interest, insurance, and depreciation are entirely ignored, were applied to other transactions, it could doubtless be proved beyond dispute that the United States Government could not only conduct a steamship business more cheaply than private shipowners, but that it could make steel rails and woolen cloth and boots and shoes at a lower price, that it could mine coal more cheaply, do the country's banking and operate its railroads. But if the United States Government is to attack any industry as a competitor, it ought in all fairness to select one that is prosperous and robust, and not set up as a rival to an interest that, because of long continued neglect, is now fighting a veritable battle for existence.

The two American steamship companies which regularly ply across the Pacific to Asia and the Philippines are face to face with over-

whelming odds in the large subsidies enjoyed by the parallel lines of Japanese and British steamers. The least that our Government could do to aid these American lines would be to give them the carrying of its own soldiers and their supplies. Neither Great Britain nor Germany maintains a transport service. Both nations find it more satisfactory and economical to make use of their regular commercial steamers, and both nations thereby foster and encourage in a perfectly legitimate way the enterprise of their shipowners and merchants. The United States stands alone in denying this assistance to its maritime interests.

#### SECRETARY ROOT'S VIEW.

For some inexplicable reason, the gradual discontinuance of the transport service of the United States, which Hon. Elihu Root noted and commended in his annual report as Secretary of War in 1902, seems now to have been arrested. Mr. Root spoke of the sale of some transports and the laying up of others, and added:

In October bids were invited from commercial lines for transportation of passengers and freight for the Army between San Francisco, Portland, Seattle, and Tacoma and Manila until June 30, 1903. A number of bids have been received, but the comparative advantage of operating under them has not yet been worked out, and no contract has been awarded. As rapidly as it becomes apparent that the Government business can be done more economically in any part or as a whole by this method it is the purpose of the Department to follow the same course which has been followed upon the Atlantic in discontinuing the use of Government transports and to put the business in the hands of commercial lines on the basis of open competition.

I am satisfied that it is practicable for private shippers to do ordinary business much cheaper than it is possible for the Government to do it under the limitations which rest upon Government action, and that they can afford to do the business for less than it costs the Government and still make a profit. At the same time, by following this method, the Government will be aiding to build up regular commercial lines between the Pacific coast and Manila, which is much to be desired.

The Commission earnestly indorses this authoritative recommendation, and urges Congress to complete as soon as possible the discontinuance of the transport service, as a measure of economy, and a sure and acceptable encouragement to American trade and navigation on the Pacific Ocean. The military power of the United States will be not the loser, but the gainer, by an enlightened policy tending to increase the number of modern American steamships available for use, and to strengthen our commerce with the Orient.

#### AMERICAN SHIPS FOR THE CANAL TRADE.

A law of the United States requires that only American vessels shall be used for the shipment by sea of all supplies and materials for the Army and Navy, unless the President shall find that the rates of freight are excessive and unreasonable. This is in accord with the regulation or practice of all maritime powers, who never, save in exceptional cases, intrust their public service of this kind to foreign shipowners.

Remonstrances have been sent to the Commission by American shipowners on both the Atlantic and Pacific oceans, that foreign vessels were being used to the exclusion of American vessels for the transportation of materials and supplies from the United States to the Isthmian Canal Zone. One case in particular is cited, where a considerable amount of lumber was given to the Kosmos Line of German steamers

from Puget Sound, though American shipowners offered substantially the same freight rate—the difference being that the German bid was on the basis of the delivery of partial lots, the American of entire cargoes. Shipment in this case was arranged for by the contractors, the Isthmian Canal Commission purchasing the lumber delivered on the Canal Zone. At the time this lumber was given to the German shipowners a large number of steamers and sail craft were lying idle awaiting charters in Puget Sound. If the lumber in question had been purchased across the frontier in Canada while American mills stood idle in consequence, there undoubtedly would have been sharp complaint from American lumbermen.

Rear-Admiral John G. Walker, U. S. Navy (retired), chairman of the Isthmian Canal Commission, has stated that hereafter contractors for materials will be requested to include in their bids the estimated cost of transportation by both American and foreign vessels.

#### CARRYING OUR OWN MATERIALS.

The Commission believes that the American people, who are building this canal with American money, prefer to have their materials carried in American and not foreign ships, particularly as there is always likely to be plenty of American tonnage available. This delivery of canal supplies, machinery, etc., is a traffic adapted not only to American vessels registered for foreign commerce, but to a large part of the very much greater coastwise fleet on both the Atlantic and Pacific oceans. There are, all told, 3,244,000 tons of shipping on the Atlantic and 775,000 tons on the Pacific seaboard, and of this a considerable part is composed of capacious seagoing vessels, steam and sail, including scores of general cargo steamships and hundreds of efficient schooners, especially equipped for coal and lumber carrying. Not a few of these vessels are now engaged frequently in trade to the Isthmus and beyond, and with these great fleets available, with hundreds of individual owners, there need be no fear of lack of suitable tonnage, or excessive rates, or combinations to take advantage of the Government.

#### PROPERLY RESERVED TO OUR SHIPS.

Therefore, the Commission has prepared and caused to be introduced in the Senate and House of Representatives a bill requiring the use of vessels of the United States, or belonging to the United States, for the transportation of all supplies or materials for the Panama Railroad and the Isthmian Canal, and also of all supplies or materials for the naval station at Guantanamo. This bill does not extend our coastwise laws to either Panama or Cuba; it raises no delicate questions of jurisdiction. It simply directs the use of American vessels for the performance of certain public services. It is a simple, profitable, and effective method of encouraging the American merchant marine, while at the same time protecting certain important public interests. The Commission urges the immediate enactment of this measure not only for what it will accomplish, but as a declaration of purpose that the isthmian waterway is to be American in something more than name.

## THE RECIPROcity TRADE WITH CUBA.

In the important reciprocity agreement between the United States and Cuba, not only are valuable exclusive advantages given to Cuban products in the American market through a reduction of customs duties, but similar advantages are secured in the Cuban market to American manufacturers, farmers, and merchants. Only American shipowners, builders, and seamen are forgotten. The Cuban reciprocity treaty contains no recognition whatever of the maritime interests of the United States.

Fortunately it is not even now too late to remedy this oversight. Another treaty governing our general commercial relations with the Cuban Republic remains to be negotiated, and the Commission recommends that, as a delayed but none the less merited act of justice to the shipping industry, this commercial treaty should be made to provide for reserving the transportation of this reciprocal commerce to vessels already registered or hereafter built in the United States or Cuba. It is not suggested that the coastwise principle be sweepingly applied, and foreign vessels be excluded altogether from trade between American and Cuban seaports, but rather that the benefits of the reciprocal reduction of duties in either country be granted only to merchandise conveyed in vessels of the contracting governments. The United States and Cuba have just as good a right to make a reciprocity agreement with regard to their shipping as they have with regard to their manufactures or their agriculture, and broad considerations of equity as well as of prudence demand that such a shipping agreement be concluded as soon as possible.

## FOREIGN FLAGS NOW DOMINANT.

At present foreign flags cover the larger part of the transportation between Cuba and the United States. Of total imports from the island, valued at \$62,813,362 in the fiscal year 1903, \$22,490,644, or only 35.80 per cent, were conveyed in American, and \$40,322,718, or 64.20 per cent, in foreign shipping. In the export trade to Cuba American vessels significantly make a better showing. Of total exports to the island, valued at \$21,760,842, \$11,792,402, or 54.19 per cent, were conveyed in American, and \$9,968,440, or 45.81 per cent, were conveyed in foreign shipping. Of the entire commerce between the United States and Cuba, both imports and exports included, valued at \$84,574,204, only \$34,283,046, or 40.54 per cent, were carried in American, and \$50,291,158, or 59.46 per cent, were carried in foreign shipping.

If all of this reciprocal commerce were secured for American and Cuban vessels, in the manner indicated, an important advantage would be gained for the American merchant marine, and not only for the American fleet but also for the native shipping of Cuba. It is desirable for purposes of defense, as well as for the promotion of commerce, that there should be adequate building and repair yards, proper docks, and a capable and experienced naval reserve of officers and seamen established on the coast of Cuba, as well as on the neighboring Gulf and South Atlantic coast of the United States. These indispensable advantages can never be secured for either the United States or

Cuba so long as ships built in Europe, owned there, officered and manned there, and repaired there, dominate the growing trade between the island and the mainland.

The peculiar closeness of the relations between the new Republic and the United States imperatively forbids a longer continuance of European control over the larger part of their means of communication.

#### THE NORTH ATLANTIC MAIL SERVICE.

None of the new mail routes proposed by the bill runs to a European port. There is nothing in this measure, as has frankly been acknowledged, to encourage the building of expensive "greyhounds" for the mail, passenger, and express cargo service to Great Britain and the Continent. The Commission has not been forgetful of this important part of our commerce, nor is there any disposition to ignore it, especially as the President of the United States, in his message to Congress recommending the creation of this Commission, made significant reference to this very service, saying:

While such a measure is desirable in any event, it is especially desirable at this time, in view of the fact that our present governmental contract for ocean mail with the American Line will expire in 1905. Our ocean-mail act was passed in 1891. In 1895 our 20-knot trans-Atlantic mail line was equal to any foreign line. Since then the Germans have put on 23-knot steamers and the British have contracted for 24-knot steamers. Our service should equal the best. If it does not, the commercial public will abandon it. If we are to stay in the business, it ought to be with the full understanding of the advantages to the country on the one hand, and on the other with exact knowledge of the cost and proper methods of carrying it on.

During the past few weeks the Commission has given particular attention to this important phase of the inquiry in its sessions in Washington, and expert engineers, ship builders, and steamship managers have been invited to present their views as to the difficult problem of the North Atlantic fast mail and passenger service. But the Commission regrets to say that information that would be adequate to guide the action of our Government has not yet been secured.

#### A COMPLICATED PROBLEM.

The problem, a formidable one at best, is further seriously complicated at the present time by the partial development of the turbine principle in marine propulsion. The two new giant Cunard steamers will be of this type, yet untried on a large scale in transoceanic navigation, though perhaps destined to work almost another revolution in marine architecture. Besides the Cunard ships, two Allan Line steamers of large size, but moderate speed, are being completed in Great Britain for the Canadian mail service, and conflicting reports as to the trial performances of the first of these vessels make a positive recommendation seem all the more premature and ill advised.

Meanwhile, though American builders have thus far produced no large ocean-going turbine steamer, some creditable experimental work has been done in the United States, and some of our own engineers are advancing on original lines toward results that promise to be of the very first importance.

These considerations naturally make the Commission all the more reluctant to form conclusions that must be based on European practice, though that practice confessedly has not yet passed beyond the experi-

mental stage. When it is remembered that steam was first practically applied to the driving of both war ships and merchant ships in the United States, that the first steamer that crossed the Atlantic was American, that the first satisfactory use of the screw propeller on a large scale was made here, and that as late as 1860 American-built steamships held on the North Atlantic the same relative position toward other ships as the huge twin Cunarders will hold if they are successful—when all this is recalled, it is not unreasonable to expect that the best marine turbine may yet prove to be wrought out by American technical skill and boldness of invention.

Moreover, the enormous new Cunard subvention of \$1,100,000 for twenty years, combined with the extraordinary liberality of the British Government in loaning to the company at a nominal rate the \$13,000,000 required to build the new ships, introduces another factor that forbids an immediate recommendation to Congress. It is estimated that with the other generous terms of the contract this subvention is worth to the Cunard Line the equivalent of \$2,000,000 or \$2,500,000 a year, which would have to be more than offset in amount to produce a corresponding American ocean mail service—covering the higher range of American ship wages and cost of construction. Manifestly the American people, whatever their final decision may be, would hesitate to embark on such a scale of expenditure as this while the imperative technical question of whether the turbine is to supplant reciprocating engines as the screw propeller supplanted the side wheel is still undetermined.

Therefore the Commission, though fully realizing the commercial and political importance of the fast North Atlantic mail service and the value of these great "merchant cruisers" to the national defense, is unwilling at this time to recommend any specific legislation to Congress. But the Commission does insist with the utmost earnestness that the United States can not afford to disregard the mighty transition that seems to be impending in the North Atlantic; a change which, if ignored by our Government, may result in the complete loss of even our present inadequate share of the noblest field of ocean navigation.

Congress owes it to the commercial welfare and the naval security of the country to make provision at once for an especial, vigilant study of the North Atlantic steamship service as affected not only by the extraordinary new British subventions, but by the approaching introduction of the turbine high-speed engines on the all-important mail and passenger routes between America and Europe.

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#### URGENT NEED OF IMMEDIATE RELIEF.

In the midst of a general condition of buoyant prosperity the American merchant marine in over-seas trade alone of our great national industries is, and long has been, depressed and declining. The slight temporary increase of registered tonnage, due in large part to causes growing out of the Spanish war, has now come to an end, and the absolute cessation of shipbuilding for ocean commerce shows that the country is on the verge of a swift and heavy shrinkage in the small registered fleet still left to it—a fleet actually smaller by 100,000 tons than that of 1810. If there is to be remedial legislation it must be

prompt and energetic. Delay only increases the cost and intensifies the difficulty of the undertaking.

It may be said without exaggeration that there is not a large ocean shipyard in America, and not an ocean steamship company, except the few mail lines operating under the act of 1891, that is not looking to instant and vigorous remedial legislation by Congress as the one hope of its continued existence. Within a few weeks an important shipyard on the Delaware River, after a long and brave fight against adversity, has succumbed and gone into the hands of receivers. This yard has a splendid modern plant, zealous and capable managers, and the prestige of an active career of half a century. The American Government and people may well ask themselves this grave question: Where in a few years can they find solvent shipyards to contract with to build their battle ships and cruisers unless the complete paralysis now threatening this great industry is speedily arrested by national laws?

If the passage of the legislation proposed by the Commission is postponed to the next session of Congress a condition already desperate will have become still more desperate. The time to act is now. The Commission has prepared a conservative measure, aiming to achieve its purpose at a minimum cost, fair to all sections and interests, and directed especially to the strengthening of the national defense and the extension of American commerce to new and distant markets. The Commission can see no reason why a cautious measure of this kind, making no large immediate draft upon the national revenues, can not be passed at the present session of Congress.

With all possible emphasis, therefore, the Commission recommends that the following bills which will be reported from the Commission and introduced into the two Houses of Congress, be taken up promptly, and after reasonable debate advanced to enactment.

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A BILL To promote the national defense, to create a force of naval volunteers, to establish American ocean mail lines to foreign markets, to promote commerce, and to provide revenue from tonnage.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Navy and the Secretary of Commerce and Labor shall cause to be made an enrollment of officers and men now and hereafter employed in the merchant marine and deep-sea fisheries of the United States who may be capable of rendering service as naval volunteers in time of war. No man shall be thus enrolled who is not a citizen of the United States or who has not declared his intention to become a citizen. Any naval volunteer who, having declared his intention to become a citizen, fails to complete his naturalization according to the provisions of title thirty of the Revised Statutes, shall be stricken from the rolls. These naval volunteers shall be enrolled for a period of three years, during which period they shall be subject to render service on call of the President in time of war. They shall also possess such qualifications, receive such instruction, and be subject to such regulations as the Secretary of the Navy may prescribe. The Secretary of the Treasury is hereby authorized and directed, upon proper audit, to pay, out of any money in the Treasury not otherwise*



appropriated, to each officer or seaman thus enrolled and employed in the foreign trade or deep-sea fisheries, as hereinafter provided, an annual retainer as follows: For each master or chief engineer of a vessel of the United States of five thousand gross tons or over, one hundred dollars; for each master or chief engineer of a vessel of the United States of one thousand gross tons or over but of less than five thousand gross tons, eighty-five dollars; for each master or chief engineer of a vessel of the United States under one thousand gross tons, seventy dollars; for each mate or assistant engineer of a vessel of the United States of five thousand gross tons or over, seventy dollars; for each mate or assistant engineer of a vessel of the United States of one thousand gross tons or over but of less than five thousand gross tons, fifty-five dollars; for each mate or assistant engineer of a vessel of the United States under one thousand gross tons, forty dollars; for each seaman, twenty-five dollars; for each boy, fifteen dollars. Such retainer shall be paid at the end of each year of service on certificate by an officer, to be designated by the Secretary of the Navy, that the naval volunteer has satisfactorily complied with the regulations, and on certificate by the Commissioner of Navigation that such volunteer has served satisfactorily for at least six months of the preceding twelve months on vessels of the United States in the foreign trade or in the deep-sea fisheries.

SEC. 2. That in the interest of the national defense and for the performance of the public services hereinafter specified, after July first, nineteen hundred and six, the Secretary of the Treasury is hereby authorized and directed to pay, subject to the provisions of this act, out of any money in the Treasury not otherwise appropriated, to the owner or owners of any vessel hereafter built and registered in the United States or now duly registered by a citizen or citizens of the United States (including as such citizens any corporation created under the laws of the United States or any of the States thereof), subventions as hereinafter provided; that is to say, (a) the sum of five dollars per gross registered ton for each vessel which has been engaged in the foreign trade by sea or the deep-sea fisheries for a period of twelve months, including time necessarily consumed in making annual or extraordinary repairs; (b) the sum of four dollars per gross registered ton for each vessel which has been engaged in the foreign trade by sea or the deep-sea fisheries for a period of nine months or over, but less than twelve months, including time necessarily consumed in making extraordinary repairs; (c) the sum of two dollars and fifty cents per gross registered ton for each vessel which has been engaged in the foreign trade by sea or the deep-sea fisheries for a period of six months or over, but less than nine months, including time necessarily consumed in making extraordinary repairs: *Provided*, That if, for reasons satisfactory to the Secretary of Commerce and Labor, a vessel is idle for more than one month when not undergoing repairs or receiving or discharging cargo the subvention shall be reduced pro rata.

SEC. 3. That before receiving any subvention under the provisions of this act the owner or owners of any vessel shall contract, in writing, with sufficient sureties, with the Secretary of Commerce and Labor to fulfill each and all of the following obligations:

First. That said vessel may be taken and used by the United States, for the national defense or for any public purpose, at any time, upon payment to the owner or owners of the fair actual value of the same

at the time of the taking, or a fair rate of hire to be agreed upon. And if there shall be a disagreement as to such fair actual value or fair rate of hire between the United States and the owner or owners of such vessel, then the same shall be determined by two impartial appraisers, one to be appointed by each of said parties, they to select a third, who shall act in such appraisement in case the two shall fail to agree.

Second. That said vessel shall carry, free of charge, the mails of the United States, if the Postmaster-General shall so require, for the whole or any part of a voyage for which subvention shall be claimed.

Third. That upon each departure of said vessel from the United States at least one-sixth of the crew shall be citizens of the United States, or men who have declared their intention to become citizens.

Fourth. That a vessel employed in the foreign trade shall maintain during the period so employed at least class A1 if a steam vessel and at least class A1½ if a sail vessel, as such classes are now established by either the Record of American and Foreign Shipping or the United States Standard Owners, Builders, and Underwriters' Association, or equivalent classification in any other register of shipping of at least equal merit.

Fifth. That all ordinary repair or overhauling of said vessel shall be made in the United States, except in cases where drydocking is necessary and no dry dock of sufficient capacity shall be within a distance of five hundred miles of the location of the ship when the repairs shall be desired.

Sixth. A vessel shall not be entitled to the subvention above provided for unless during the period of employment in the foreign trade or deep-sea fisheries the following proportions of the crew of the vessel after the dates specified shall have been enrolled in the naval volunteers: After July first, nineteen hundred and seven, one-eighth; after July first, nineteen hundred and eleven, one-sixth; after July first, nineteen hundred and sixteen, one-fourth: *Provided*, That if the foregoing stated proportions of naval volunteers can not be obtained at a foreign port with reasonable effort, as certified by the consul, other persons may be substituted until the first return of said vessel to the United States without forfeiture of the subvention.

SEC. 4. That the contracts provided for in section three shall be for a period of one year, and shall be renewed from time to time; but no vessel shall receive a subvention under the provisions of this act for a longer period than ten years. At the expiration of each annual contract the owner of the vessel shall be required to prove to the satisfaction of the Secretary of Commerce and Labor, in such manner as the said Secretary shall prescribe, that its obligations each and all have been satisfactorily complied with. The Secretary of Commerce and Labor shall thereupon certify to the Secretary of the Treasury the amount of subvention to which said owner shall be entitled in fulfillment of said contract and of the provisions of this act, and the Secretary of the Treasury upon proper audit shall thereupon pay the subvention due.

SEC. 5. That the Postmaster-General is hereby authorized and directed to enter into contracts, for a term not less than five nor more than ten years in duration, with citizens of the United States for the carrying of mails on steamships hereafter built and registered in the United

States, or now duly registered by a citizen or citizens of the United States (including as such citizens any corporation created under the laws of the United States or any of the States thereof), between ports of the United States and foreign ports on the routes, at the rates of speed and for the amounts prescribed in section six of this act. All the provisions of the act of March third, eighteen hundred and ninety-one, entitled "An act to provide for ocean mail service between the United States and foreign ports, and to promote commerce," are hereby made applicable in all respects to the services provided for in section six of this act: *Provided*, That the specific rates of compensation provided for in section five of said act of March third, eighteen hundred and ninety-one, shall not apply to the services provided for in section six of this act.

SEC. 6. That as soon as may be practicable, the Postmaster-General shall establish in the manner prescribed in section five the following ocean mail services:

First. From a port of the Atlantic coast of the United States to Brazil, on steamships of the United States of not less than fourteen knots speed, for a monthly service at a maximum compensation not exceeding one hundred and fifty thousand dollars a year, or for a fortnightly service at a maximum compensation not exceeding three hundred thousand dollars a year.

Second. From a port of the Atlantic coast of the United States to Uruguay and Argentina, on steamships of the United States of not less than fourteen knots speed, for a monthly service at a maximum compensation not exceeding one hundred and eighty-seven thousand five hundred dollars a year, or for a fortnightly service at a maximum compensation not exceeding three hundred and seventy-five thousand dollars a year.

Third. From a port of the Atlantic coast of the United States to South Africa, on steamships of the United States of not less than twelve knots speed, for a monthly service at a maximum compensation not exceeding one hundred and eighty-seven thousand five hundred dollars a year, or for a fortnightly service at a maximum compensation not exceeding three hundred and seventy-five thousand dollars a year.

Fourth. From a port of the United States on the Gulf of Mexico to Brazil, on steamships of the United States of not less than twelve knots speed, for a monthly service at a maximum compensation not exceeding one hundred and thirty-seven thousand five hundred dollars a year, or for a fortnightly service at a maximum compensation not exceeding two hundred and seventy-five thousand dollars a year.

Fifth. From a port of the United States on the Gulf of Mexico to Cuba, on steamships of the United States of not less than fourteen knots speed, for a semiweekly service at a maximum compensation not exceeding seventy-five thousand dollars a year.

Sixth. From a port of the United States on the Gulf of Mexico to Central America, on steamships of the United States of not less than twelve knots speed, for a weekly service at a maximum compensation not exceeding seventy-five thousand dollars a year.

Seventh. From a port of the United States on the Gulf of Mexico to Mexico, on steamships of the United States of not less than twelve knots speed, for a weekly service at a maximum compensation not exceeding fifty thousand dollars a year.

Eighth. From a port of the Pacific coast of the United States, via Hawaii, to Japan, China, and the Philippines, on steamships of the United States of not less than sixteen knots speed, for a monthly service at a maximum compensation not exceeding three hundred thousand dollars a year, or for a fortnightly service at a maximum compensation not exceeding six hundred thousand dollars a year.

Ninth. From a port of the Pacific coast of the United States to Japan, China, and the Philippines, on steamships of the United States of not less than thirteen knots speed, for a monthly service at a maximum compensation not exceeding two hundred and ten thousand dollars a year; or for a fortnightly service, at a maximum compensation not exceeding four hundred and twenty thousand dollars a year.

Tenth. From a port on the Pacific coast of the United States to Mexico, Central America, and the Isthmus of Panama, on steamships of the United States of not less than twelve knots speed, for a fortnightly service at a maximum compensation not exceeding one hundred and twenty thousand dollars a year: *Provided*, That the requirements of this section as to the rates of speed shall be deemed to be complied with if said rates are developed during a trial of four hours' continuous steaming at sea in ordinary weather in water of sufficient depth to make the test a fair and just one, and if the vessels are maintained in a condition to develop such speed at any time while at sea in ordinary weather. This trial shall be made under the direction and supervision of a board of naval officers which the Secretary of the Navy shall appoint upon the application of the owner or owners of the vessel to be tested.

SEC. 7. That all contracts hereafter made pursuant to the act of March third, eighteen hundred and ninety-one, before mentioned, or pursuant to sections five and six of this act, shall provide that on each voyage the following proportion of the crew shall be enrolled naval volunteers: After July first, nineteen hundred and seven, one-eighth; after July first, nineteen hundred and eleven, one-sixth; and after July first, nineteen hundred and sixteen, one-fourth: *Provided*, That if the foregoing stated proportions of naval volunteers can not be obtained at a foreign port with reasonable effort, as certified by the consul, other persons may be substituted until the first return of said vessel to the United States, without forfeiture of the compensation.

SEC. 8. That a duty of eight cents per net ton, not to exceed in the aggregate eighty cents per net ton in any one year, is hereby imposed at each entry by sea on all vessels which shall be entered in any port of the United States from any foreign port or place in North America, Central America, the West India Islands, the Bahama Islands, the Bermuda Islands, the coast of South America bordering on the Caribbean Sea, or Newfoundland; and a duty of sixteen cents per net ton, not to exceed in the aggregate one dollar and sixty cents per net ton in any one year, is hereby imposed at each entry by sea on all vessels which shall be entered in any port of the United States from any other foreign port or place, not, however, to include vessels in distress or not engaged in trade.

SEC. 9. That on proof to the satisfaction of the Commissioner of Navigation that a vessel of the United States has on any foreign voyage carried a boy or boys, a citizen or citizens of the United States, under twenty-one years of age, suitably trained during that voyage in seamanship or engineering, in the proportion of one for such vessel,

and in addition one for each one thousand tons of her net registered tonnage, there shall be paid to the owner or owners of the vessel, out of any money in the Treasury not otherwise appropriated, an allowance equivalent to eighty per centum of the tonnage duties paid in respect of the entry in the United States of that vessel from that voyage: *Provided*, That such payment shall not be made after July first, nineteen hundred and seven, except in respect of any boy who is enrolled in the naval volunteers, or is an apprentice indentured in accordance with law.

SEC. 10. That sections fourteen and fifteen of the act approved June twenty-sixth, eighteen hundred and eighty-four, entitled "An act to remove certain burdens on the American merchant marine and to encourage the American foreign-carrying trade, and for other purposes;" sections eleven and twelve of the act approved June nineteenth, eighteen hundred and eighty-six, entitled "An act to abolish certain fees for official services to American vessels, and to amend the laws relating to shipping commissioners, seamen, and owners of vessels, and for other purposes;" section one of the act approved April fourth, eighteen hundred and eighty-eight, entitled "An act to amend the laws relating to navigation, and for other purposes;" so much of section forty-two hundred and nineteen of the Revised Statutes as conflicts with this act, and section forty-two hundred and thirty-two of the Revised Statutes are hereby repealed.

SEC. 11. That this act shall take effect on July first, nineteen hundred and five.

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A BILL To provide for the use of vessels of the United States for public purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That vessels of the United States or vessels belonging to the United States, and no others, shall be employed in the transportation by sea from the United States of all materials, supplies, machinery, and equipment employed on or used for the Panama Railroad or for the construction and operation of the canal across the Isthmus of Panama, and such vessels, and no others, shall be employed in the return by sea to the United States of such materials, supplies, machinery, and equipment.

SEC. 2. That all naval supplies, materials, machinery, and equipment sent to or returned by sea from the naval station at Guantanamo, Cuba, shall be transported in vessels of the United States or vessels belonging to the United States, and no others.

SEC. 3. That any contractor for supplies or materials for use at Guantanamo, or in the Canal Zone, shall comply with the provisions of this statute under penalty of the forfeiture of said materials and supplies brought to or taken from the Canal Zone, or Guantanamo, in vessels other than those of the United States.

SEC. 4. That this act shall take effect thirty days after its passage.



## DEVELOPMENT OF THE AMERICAN MERCHANT MARINE AND AMERICAN COMMERCE.

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JANUARY 9, 1905.—Ordered to be printed.

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Mr. MALLORY, from the Merchant Marine Commission, submitted the following

### VIEWS OF THE MINORITY.

[To accompany S. 6291.]

It is agreed by every observant man who has given thought to the subject that our shipping interests in the foreign trade are in a deplorable condition. That something ought to be done to restore to American bottoms a reasonable percentage of our export and import carrying trade is conceded by all; the only difference of opinion is as to what the remedy should be.

A return to the discriminating-duty policy appears to be generally favored, as shown by the hearings of the Merchant Marine Commission at the most important ports on the Atlantic, Pacific, and Gulf coasts and on the Great Lakes. This was the policy of the fathers of the Republic, under which our shipping interests were so marvelously developed in our early history. Under this policy merchant ships flying the American flag were seen in every important port of the civilized world, and under its fostering care our ships carried more than three-fourths of our exports and imports. Although our business has increased so wonderfully that we are now the largest exporting nation in the world, with corresponding imports, only 8 or 10 per cent of our foreign carrying trade is done in American bottoms.

The objections urged to a return to this system are based upon the necessity of abrogating treaties with nearly all the maritime countries and the fear of retaliation. That those treaties all operate to the great disadvantage of the United States under present conditions is not seriously denied in any quarter. They all provide, too, for abrogation at the instance of either party to the convention upon the prescribed notice, so that no element of bad faith could be charged if steps should be taken to abrogate. In the light of our earlier experiences and in view of the peculiar existing conditions, we think the fear of retaliation is not well founded. In our infancy as a nation we not only faced this danger courageously, but successfully, and our shipping industry prospered far beyond anything we have witnessed since we bound ourselves

by treaties to virtually surrender our business on the high seas. At present the larger part of our exports are food and clothing products, either in the raw or finished state, and the countries which are our best customers can not afford to discriminate against our goods, because this would only tend to increase the cost of necessities to their own people.

The strongest argument presented against this policy is the fact that about 40 per cent of our imports are of goods which are now on the "free list," and that the only way to enforce discrimination in respect to such imports would be to increase the "dutiable list." Of course, we do not advocate an increased cost of imported goods to the American consumer, but with the treaties out of the way we might meet this difficulty by imposing a low rate of duty on many of the imports when brought in foreign bottoms, but still to be free from tariff when brought in our own ships, and thus enable American vessels to compete successfully with foreign ships in freight charges and at the same time minimize the danger of increased cost to the consumer. What we want to do is to give some assurance to our foreign-going ships that they will have return cargoes, which would go far toward settling the question of the carrying of our exports in our own bottoms. But we are not willing, nor do we think it necessary, to commit ourselves to the proposition that anything now upon the "free list" should be made "dutiable." We prefer to take the chances of aiding our merchant marine by discriminating duties upon the 60 per cent of imports now on the "dutiable list."

This, we believe, would result in permanent assistance to our languishing shipping interests without imposing any additional burdens upon the public. We wish to aid our merchant marine by reducing burdens, not increasing them. It is also shown by the hearings before the Commission that there is a material difference between the cost of construction in American shipyards and in foreign. A part of this difference is due to the greater cost of labor, but this is largely overcome by the greater efficiency of the American artisan and the use of improved tools; but it appears to us that the unnecessary and exorbitant tariff imposed upon steel and iron products is one of the greatest impediments to cheaper ships in American yards.

The steel manufacturers in this country are the richest and best equipped in the world, and have long since outgrown the necessity, if any ever existed, for the protection accorded to "infant industries." It is a shame and an outrage upon the American people that manufacturers in this country should be able to sell in foreign countries any products of their factories at lower prices than are charged their own countrymen at home. This condition applies with especial force to the subject now under consideration. It has been conclusively shown by testimony before this Commission that materials which enter into the construction of ships are sold by our factories and laid down in foreign shipyards for a price far below that charged at the mills to our own people—a condition which could not exist but for the unjust provisions of our tariff laws. Mr. Edward S. Cramp, of the Cramp Shipbuilding Company, in May, 1904, stated to the Commission that foreign shipbuilders were then paying only about \$25 per ton for materials that cost the American shipbuilder \$40 per ton, "a handicap against him of \$15 per ton."

Mr. James C. Wallace, of the American Shipbuilding Company,



told the Commission at Cleveland, Ohio, June 28, 1904, that the United States Steel Corporation was selling great quantities of steel to foreign shipbuilders, delivered at Belfast, at \$24 a ton, while the price charged at its Pittsburg mills was \$32 a ton. Deducting \$2 a ton for ocean transportation and \$1.40 for freight from Pittsburg to tide-water, the steel trust is selling steel to foreigners at \$20.60 per ton that it sells to Americans at \$32. As Mr. Wallace said, "That would make \$11.40 difference between the Pittsburg price to you and the price abroad." Mr. Wallace estimated that an 8,000-ton ship would require about 3,500 tons of steel materials, and that the discrimination of \$8 per ton would make a difference of \$28,000 in the cost of constructing this ship here or abroad. He said that about four years ago his company built two ships for the American Navigation Company at a price about equal to the price for which they could be built in England at that time. "Steel was then," he said, "very much lower than it is to-day. The steel pools had not then been formed."

Mr. George W. Dickie, superintendent of the Union Iron Works, the largest shipbuilding plant on the Pacific coast, stated to the Commission at San Francisco, that he was in a Scottish shipyard in 1900 when they were building a vessel almost exactly like one he was building in his yards and he saw there materials unloaded from a ship from New York furnished by Carnegie & Co. at about \$13 a ton less than he was paying for the same material from the same mills.

A large number of others testified to the same effect. It can be seen at once what an immense profit is given to the steel trust by the operation of law alone. A tariff which enables manufacturers to reap a bonus of from \$10 to \$15 a ton in addition to the legitimate profits is indefensible from any standpoint of honesty and fair dealing, and one of the first steps in the interest of shipbuilding in the United States ought to be to put at least all materials which enter into the construction of ships on the free list no matter whether intended for the foreign or domestic trade.

The recent testimony, as well as the testimony given in former hearings, and the statements of experts made in newspapers and magazines during the last ten years, indicates that the cost of constructing ships in American yards had, before the advent of Dingleyism and its brood of cormorant trusts, gotten down to about the cost of constructing ships in foreign yards. In the North American Review of January, 1892, Mr. Charles H. Cramp said that first-class ships could be built in American yards at about the cost of building them in foreign yards. His words were, "Within as small a margin as would be likely to prevail in a similar case between any two British shipyards."

In his testimony before the Merchant Marine Commission at Philadelphia on May 27, 1904, Mr. Edwin S. Cramp said:

For these reasons, enumerated above, the cost of ships in America, which at the time of the beginning of the McKinley Administration had approximated the cost of the ships of a similar type by first-class builders in England within 10 or 15 per cent, to-day can not be produced within 40 per cent.

In an article on the invasion of American goods in foreign markets in the Grandé Review, quoted in Consular Reports, March 3, 1900, Mr. George Wenlerville said:

To-day ships may be built at Bath, San Francisco, Philadelphia, Wilmington, Chester, and Newport News as cheaply as anywhere in the world.

Many other similar statements might be quoted. As far back as 1896 Mr. John Roach, the great shipbuilder, said:

The high cost of iron produced by the tariff upon it is one of the principal difficulties our commerce has to contend with. I did not come here to ask a bounty. I came here to tell you that, while all other articles of American produce are protected to a great extent, there is no protection for American ships. If Congress will take off all the duties from American iron, then we are prepared to compete with foreign shipbuilders. The labor question is misstated. We are prepared to meet that difficulty and to ask no further legislation on the subject.

Since then materials and supplies for our ships in foreign trade have been put upon the free list. The testimony before the Merchant Marine Commission shows that, for numerous reasons, this discrimination in favor of our foreign ship builders and owners has been of no practical benefit to them. One of the reasons, if not the prime one, is that ships built from foreign materials, in whole or in part, can not be used in our coastwise trade. To give our shipbuilders any benefit from free materials the tariff must be removed from materials from all ships. Probably also it will be necessary to remove the duties not only for materials but from all materials sold cheaper abroad than at home. In this way, and in this way only, will our shipbuilders be enabled to obtain our materials at the prices at which they are sold to foreign shipbuilders.

There was some startling testimony as to the difference of prices of materials to American and to foreign shipbuilders. Thus, Mr. Edwin S. Cramp told the Commission that steel plates, shapes, angles, channel and bulb angles were, on May 27, 1904, selling at 1.75 cents per pound while the prices ruling in England would permit these same materials to be delivered, clear of insurance and freight, but no duty paid, at Philadelphia for 1.40 cents per pound. He said that foreign shipbuilders were then paying about \$25 per ton for materials that cost American builders about \$40.

Thus far we have outlined briefly some measures for the relief of our shipping interest which if enacted into law would, in our judgment, accomplish substantial and permanent good without injustice to any other American interest and without doing violence to any fundamental principle of right or of organic law.

We regret that we can not agree with the majority of the Commission in the legislation proposed. It would have been very gratifying to us if a unanimous report could have been made, and we have been willing to make concessions in order to accomplish this result. While there are objections to the entire bill as recommended by the majority, we are disposed to withhold any opposition except to sections 2, 3, and 4. These sections provide for direct subsidies, and are so obnoxious to Democratic principles and to the economic sense of the country that we are compelled to enter our earnest protest against their enactment into law.

Its chief difference from former direct subsidy bills is that it is not as honest as these bills were. It displaces the word "subsidy" with the word "subvention" and through the explanation with which it is launched seeks to create the impression that it only gives back to the shipping industry what is taken from it, or rather that it gives back to American ships what is taken in increased tonnage taxes from ships of all nations. But, on the contrary, it places in the Treasury the amounts to be received under it through tonnage taxes and takes out of the

Treasury the appropriations provided for without any reference whatever to the relative amounts taken out and put in—without any limitation of the subsidy to the amount of the tonnage taxes—without any sort of limitation of the total to be paid out of the Treasury now or hereafter for the benefit of the merchant marine.

It will be remembered that the ship-subsidy bills first proposed during the last decade carried unlimited appropriations for the benefit of the shipping industry. The public sentiment against such bills was so strong that a limitation to nine millions a year was made. The bills were so drawn that a few companies would have gotten the greater part of the benefit, and, because of public sentiment against the principle of subsidies and the unfairness of the distribution proposed, these bills were abandoned. We had thought that by legislative concessions both to public sentiment and wise economics we were through with subsidy bills and were to make an effort to devise other means to build up the merchant marine. But we have come back very nearly to the point from which we started, with the only difference consisting in subterfuges and disguises. We can not but see in the proposed bill the "trail of the serpent" that has been over all other bills on this subject.

We mean no reflection of duplicity against our colleagues on the Commission; but the situation seems to be such that they can not get away from the idea of direct governmental aid. In this connection it is pertinent to note that our friends of the majority have refused to consider the theory of discriminating duties; have refused, with impatience, any consideration of the theory of free ships; have refused to make concessions of any sort through the protective-tariff system, that has helped to stifle shipping along with many lines of individual industry, and have come back to the most obnoxious plan of all—the taxation of all the people for the benefit of the one industry which they desire to help. Every argument that has been made against the subsidy bills of former Congresses applies against the direct subsidy features of this bill.

Section 2 ingeniously introduces the subject by the "sugar coated" expression "in the interest of the national defense and for the performance of public services." Will the Congress of the United States and the American people suffer themselves to be deceived by this transparent disguise? Public sentiment and the sober judgment of the people's representatives have united to condemn every previous effort to enact such legislation, and surely this effort must meet the fate of its predecessors despite the canting phrase, "in the interest of the national defense and for the performance of public services" and the substitution of the more euphonious title "subvention" for "subsidy."

Whatever objections to previous subsidy bills have been valid are of equal weight to-day against this section. It was urged against the previous bills that the cargo steamers received no consideration. A comparison or two will show how little this section differs in that respect from the previous bill. The *Mineola*, a steamship engaged in foreign trade on the Pacific coast, with a gross tonnage of 2,438, would receive, under this section, \$12,190; under S. 727, H. R. 64, Fifty-sixth Congress, first session, and S. 5590, Fifty-fifth Congress, third session, \$11,885. The *Takoma*, 2,811 tons, under this bill would receive \$14,055;

under S. 727, \$14,505; H. R. 64, \$19,115, and under S. 5590, \$14,505. In 1899 the *Irrawaddy*, of less than 12 knots speed, with a gross tonnage of 2,553, made 10 round trips between New York and Grenada.

This ship does not appear in the list of those registered for foreign trade in the year 1904, but for all this can well be used for comparison. Under this section she would receive \$12,785; under S. 727, \$13,020; under H. R. 64, \$13,020 also. The *Umatilla*, a 13-knot vessel of 3,069 tons, under this section would receive \$15,345; under S. 727, \$13,749; and under H. R. 64, \$15,261. (These estimates of subsidies under S. 727 and H. R. 64 are copied from the report of the Commissioner of Navigation for 1900.)

It appears, then, that under a different guise the subsidy to cargo vessels under the bills of the Fifty-sixth Congress and the subvention under this section are almost identically the same thing. There are, however, one or two differences between the subsidy bills and this subvention section. S. 727 and H. R. 64, section 1 (a), both provide:

That no vessel shall be entitled to the full compensation under this clause unless she shall have cleared from a port of the United States with cargo to the amount of fifty per centum of her gross tonnage.

This section of the bill as proposed contains no such provision nor any provision of any sort other than the agreement to turn the ships over to the United States Government at any time for a fixed rate of hire, to carry mails free of charge if asked to do so when on a subvention voyage, and to have a certain small proportion of its crew American citizens.

Section 9 of S. 727 and H. R. 64 prohibit the paying of a subsidy to a vessel on a voyage extending to a foreign port less than 150 nautical miles from her last point of departure in the United States. S. 5590, section 6 (a), also contain the same exclusion. The reason for this exclusion is given on page 62 of the report of the Commissioner of Navigation for 1899.

A fair summary of the Commissioner's reason is: Americans already control the trade. The vessels thus excluded have a varying tonnage from 400 up to 3,000 and more—all told, about 25,000 or 30,000 tons. It may be said that this is a mere bagatelle of only \$125,000 or \$150,000, and perhaps it does make materially little difference to the actual drain upon the treasury of the people. But the items show clearly that this section proposed to give without restriction \$100,000 and more to steamship companies which are already in control of the trade almost as exclusively as if it was the coasting trade. We have already made a comparison between this second section of the proposed bill and S. 5590, showing that for all vessels under 10 knots the subsidy or the subvention or the compensation or the bounty is practically the same. The only apparent exception to this is in the case of a vessel of a slow rate of speed of a tonnage of approximately 3,000 making foreign voyages of a less distance than 1,000 miles each way.

In short, so far as the subvention under this section goes, this bill is one of a double set of twins, the others being S. 5590, S. 727, and H. R. 64.

Section 3: The different obligations incurred under this section by the owners of the ships, so far as the percentage of Americans employed is concerned, are not at all likely to make any change in the crew. The percentage, with possibly here and there an exception on the

Pacific coast, is doubtless as large now as is required by this section. The total number of men required to man fully all the American sea-going vessels which go out of sight of land is estimated by the Commissioner of Navigation, on page 26 of his report for 1903, to be not more than 50,000. This includes sail and steam, deep-sea fisheries, foreign and coast trade ships. Of the half million gross tons of steamships registered for foreign trade in 1904, the 4 large ships of the International Mercantile Marine Company, the 3 largest ships of the Oceanic Company, 6 at least of the ships of the New York and Cuba Mail Steamship Company, 3 of the Red D Line, and the 4 of the Admiral Line are under contracts to carry mails under the postal acts of 1891 and are in no way affected by this or any other section of this bill.

Further, under section 6 of this proposed bill there will be a considerable tonnage to enter upon the mail contracts proposed under that section. The remaining registered steam tonnage, after these contracts have been made of steamships engaged in foreign trade, six months or more each year is less than 300,000. For the fiscal year ending June 30, 1904, on both steamers and square-rigged sailing vessels there were shipped only 42,000 Americans (native and naturalized). This includes all the men shipped before United States commissioners, and by no means was this number of men, or anything like it, employed at any one time. Since there are, all told, engaged in trade out of sight of land, steam and sail, less than 50,000 men; since from 160,000 to 200,000 tons of the total of 500,000 registered tons do not come under this section at all; since officers are counted as a part of the crew; since several of the steamships registered are under 1,000 tons, it necessarily follows that the increase in the number of American citizens to be employed will be best represented by zero.

In other words, this part of this section effects nothing, does nothing. It is verbiage put in to fill our eyes and blind us to the real purpose of the bill. The other items of this section are of equal value. The enrollment of one-fourth of the crew in the naval volunteers after 1916 is either more dust thrown in our eyes or else the number of ships drawing subventions will be so large and the subventions amount to so enormous a sum that we shrink from even an attempt to estimate.

Section 4. This section provides that the contracts shall be for a period of one year, and may be renewed from time to time. The reputed purpose of this bill, so far as subventions go, is, as we have already said, "To promote the national defense and create a force of naval volunteers," but according to this section the contract is to be for a period of but one year, leaving the shipowner at perfect liberty to decline to renew the contract for a second year if he sees signs of war.

The Government, then, will be in no better condition so far as securing vessels for transport service or for naval volunteers than if this act were not in existence. Of course, if the shipowners think that it will be more profitable to them to turn their vessels over to the Government than to continue in trade, they will renew the contract and receive pay for the use of their ships by the United States. But this they would do in any event, subvention or no subvention. It is clear, then, that with this limit of one year attached to the contract the

Government will have paid these ships the subventions, and yet will have no claim on them if the shipowners for any reason do not see fit to renew from year to year.

“DISTINCTION BETWEEN SUBSIDY AND SUBVENTION.”

In the published reports of discussions relative to the question of ship subsidy reference is frequently made to what is called a “subsidy” paid by the British Government, the reason for the reference generally being to claim that since England pays a “subsidy” it is necessary that we also should follow her example if our vessels are to compete with British vessels. There is a radical mistake of fact involved in such statements, and such mistake grows out of want of information as to the distinction between a subsidy and the subvention paid by the British Admiralty. That distinction is practically as broad as a difference between a gift and a purchase. A subvention is an annual payment made by the navy authorities, which from the standpoint of the Government represents the advantage to the Government of having ready for its use, when required, a certain number of steamers which have been expressly constructed so as to be available as armed cruisers or transports. From the standpoint of the shipowner this payment is compensation for the increase of cost and diminished usefulness involved in having the vessel so constructed under the Admiralty regulations as to be available for use by the navy.

Vessels on which this subvention is paid are required to be constructed according to plans approved by the Admiralty. These plans require that the structure of the ship should be heavier and stronger than would be the case in a passenger ship; gun platforms are constructed on the decks, and the decks are built and supported so as to be ready for the immediate mounting of heavy guns. This accommodation of the structure of the ship to the needs of the Navy is computed by experts to involve an increase of from 20 to 25 per cent in the cost of construction, and as this additional cost must be paid by the shipowner he is called upon in building his vessel to sink from 20 to 25 per cent of the cost in special structural work, which not only does not improve the ship for commercial purposes but makes her heavier and diminishes the space available for cargo and passengers. The increase of weight caused by this special naval construction is computed to amount to between 1,000 and 1,200 tons on such vessels as those which now carry the mails between New York and England.

This means that at least 1,000 tons of cargo space which would otherwise be available is permanently made unavailable by special construction, and on every voyage the shipowner loses the freight which he could otherwise earn on this 1,000 tons of added weight in every voyage. Allowing a freight rate of \$2.50 per ton across the Atlantic and allowing twelve voyages to the year (which is about the average of mail-carrying vessels) this item of dead freight alone means a loss of \$60,000 a year on each ship, aside from the original loss of from 20 to 25 per cent in increased cost of construction, and this increased cost of construction, of course, involves a subsequent loss of interest on the excess of cost, and a proportionate increase to the insurance and depreciation account against the ship.

This heavy burden, which is thrown upon the shipowner when he builds and runs such a vessel in ordinary business, is properly borne

in part by the Government by means of an annual payment called a "subvention." This payment is for value received by the Government and value lost by the shipowner. It is a purchase by the Government of a preemptive right in vessels which are especially constructed and kept under Admiralty rules.

On the other hand, a subsidy is a gift for which the Government receives no direct equivalent and which is intended to assist a new enterprise. These British subventions differ in principle and in effect from subsidies. If the British Government, for naval purposes, chooses to compensate shipowners for building and running auxiliary cruisers, that is no reason why we, for commercial purposes, should make gifts to our shipowners to increase their profits and so attract capital in the ocean carrying trade. Subventions are based on military considerations, while subsidies are an extension of the principle of Government aid to certain industries, and a confusion of the two is a disregard both of facts and of principles.

The foregoing are a few reasons why we can not support the bill as favored by the majority of the Commission. We believe that the subsidy features are wrong in principle and that it would result in an enormous expenditure from the Treasury of the United States. We believe that the argument that the money to be thus expended would be in any appreciable degree derived from the increase of tonnage taxes is utterly fallacious. If anything is accomplished toward the building up of our own over-sea carrying trade a large and steady decrease in the income from tonnage taxes is inevitable. It is equally true that under the same conditions there would be a rapidly growing increase in the amount paid in the way of subsidies.

It will be observed also that, unlike other subsidy bills which have been offered from time to time, there is absolutely no limit to the amount which may be expended under this bill. It may be true, and we hope it is, that for a short time the payments to naval volunteers and the increased expenditures for ocean mail service can be met by tonnage taxes and the profits from foreign mails; but it must be borne in mind that the expenses of the Marine-Hospital Service which have heretofore been paid from the fund arising from tonnage taxes must, under the proposed bill, be met by a direct appropriation from the Treasury.

A million dollars annually will be required for this purpose alone. So it will be seen that with an accelerated decrease of the fund arising from tonnage taxes and the lowering of the rate of profit from the ocean mail service it would not be long until there would be an increased drain from the National Treasury, leaving entirely out of view the subsidies provided for in sections 2, 3, and 4 of this bill.

What this increase would amount to can hardly be conjectured. What we do know is that the only limit is the number of vessels that would apply for the subsidy.

S. R. MALLORY.

THOS. SPIGHT.

A. L. McDERMOTT.





# APPENDIXES.

## APPENDIX A.

**TONNAGE OF THE UNITED STATES MERCHANT MARINE EMPLOYED IN THE FOREIGN TRADE, THE COASTING TRADE, AND THE FISHERIES, FROM 1789 TO 1904.**

Year ending—	Foreign trade.	Coasting trade.	Whale fisheries.	Deep-sea fisheries.	Total merchant marine.
	Registered vessels.	Enrolled and licensed vessels.	Registered and enrolled vessels.	Enrolled and licensed vessels.	
December 31—	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
1789 <sup>a</sup> .....	123, 893	68, 607	.....	9, 062	201, 562
1790 <sup>a</sup> .....	346, 254	103, 775	.....	28, 348	478, 377
1791 <sup>a</sup> .....	363, 110	106, 494	.....	32, 542	502, 146
1792 <sup>a</sup> .....	411, 438	120, 957	.....	32, 062	564, 457
1793 .....	367, 734	122, 071	.....	30, 959	520, 764
1794 .....	438, 863	162, 578	4, 130	23, 048	628, 618
1795 .....	529, 471	184, 398	3, 163	30, 933	747, 965
1796 .....	576, 733	217, 841	2, 364	34, 962	831, 900
1797 .....	597, 777	237, 403	1, 104	40, 628	876, 912
1798 .....	603, 376	251, 443	763	42, 746	898, 328
1799 .....	657, 142	246, 640	5, 647	29, 979	939, 400
1800 .....	667, 107	272, 492	8, 466	29, 427	972, 492
1801 .....	630, 558	274, 551	3, 085	39, 382	947, 576
1802 .....	557, 760	289, 623	3, 201	41, 522	892, 106
1803 .....	585, 910	299, 060	12, 390	51, 812	949, 172
1804 .....	660, 514	317, 537	12, 339	52, 014	1, 042, 404
1805 .....	744, 224	332, 663	6, 015	57, 465	1, 140, 367
1806 .....	798, 507	340, 540	10, 607	59, 183	1, 208, 787
1807 .....	840, 163	349, 028	9, 051	70, 306	1, 268, 548
1808 .....	765, 252	420, 319	4, 526	51, 998	1, 242, 595
1809 .....	906, 855	405, 163	3, 777	34, 487	1, 350, 282
1810 .....	981, 019	405, 347	3, 589	34, 828	1, 424, 783
1811 .....	763, 607	420, 362	5, 299	43, 284	1, 232, 562
1812 .....	758, 636	477, 972	2, 930	30, 459	1, 269, 997
1813 .....	672, 700	471, 109	2, 942	19, 877	1, 166, 623
1814 .....	674, 633	466, 159	562	17, 855	1, 159, 209
1815 .....	354, 295	475, 666	1, 230	36, 937	1, 368, 128
1816 .....	300, 760	522, 165	1, 168	48, 126	1, 372, 219
1817 .....	304, 851	525, 030	5, 224	64, 807	1, 399, 912
1818 .....	589, 944	549, 374	16, 750	69, 107	1, 225, 185
1819 .....	581, 230	571, 058	32, 386	76, 078	1, 260, 752
1820 .....	583, 657	583, 025	36, 445	72, 040	1, 280, 167
1821 .....	593, 825	614, 845	27, 995	62, 293	1, 298, 968
1822 .....	582, 701	624, 189	48, 583	69, 226	1, 324, 699
1823 .....	600, 003	617, 805	40, 503	78, 255	1, 336, 566
1824 .....	636, 807	641, 563	38, 346	77, 447	1, 389, 163
1825 .....	665, 409	640, 861	35, 379	81, 462	1, 423, 111
1826 .....	696, 221	722, 330	41, 984	73, 666	1, 534, 191
1827 .....	701, 517	739, 159	45, 992	83, 959	1, 620, 607
1828 .....	757, 998	842, 906	54, 801	85, 687	1, 741, 392
1829 .....	692, 859	508, 583	57, 284	101, 797	1, 260, 798
1830 .....	537, 563	516, 979	89, 705	97, 529	1, 191, 776
1831 .....	538, 136	539, 724	82, 797	107, 189	1, 267, 846
1832 .....	614, 121	649, 627	73, 246	102, 456	1, 439, 450
1833 .....	648, 869	744, 199	101, 636	111, 447	1, 606, 161
1834 .....	749, 378	733, 619	108, 424	117, 486	1, 708, 907

<sup>a</sup> Joseph Nourse, Register of the Treasury, under date of February 1, 1812, stated: "As there were not any accounts kept at the Treasury of the district tonnage of the United States prior to the operation of the acts of 31st December, 1792, and 18th February, 1793, the statement in which is exhibited the tonnage for the years 1789, 1790, 1791, and 1792 has been formed from the accounts of tonnage on which duties were collected for those years."

<sup>b</sup> The decrease of tonnage in this year arises principally from the registered tonnage having been corrected by striking off all vessels the registers of which were granted prior to 1815, which were supposed by the collectors to have been lost at sea, captured, etc.—Joseph Nourse, Register of the Treasury (American State Papers, Vol. II, p. 643).

# LXIV REPORT OF AMERICAN MERCHANT MARINE COMMISSION.

*Tonnage of the United States merchant marine employed in the foreign trade, etc.—Cont'd.*

Year ending.	Foreign trade.	Coasting trade.	Whale fisheries.	Deep-sea fisheries.	Total merchant marine.
	Registered vessels.	Enrolled and licensed vessels.	Registered and enrolled vessels.	Enrolled and licensed vessels.	
<b>September 30—</b>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
1835 (9 months).....	788, 178	797, 338	97, 649	141, 781	1, 824, 941
1836.....	753, 094	873, 023	146, 254	109, 781	1, 882, 102
1837.....	683, 205	956, 981	129, 137	127, 863	1, 896, 686
1838.....	702, 962	1, 041, 105	124, 860	126, 713	1, 995, 640
1839.....	702, 400	1, 153, 552	132, 285	108, 242	2, 096, 479
1840.....	762, 838	1, 176, 694	136, 927	104, 305	2, 180, 764
1841.....	788, 398	1, 107, 068	157, 405	77, 783	2, 130, 744
1842.....	823, 746	1, 045, 753	151, 990	70, 902	2, 092, 391
<b>June 30—</b>					
1843 (9 months).....	856, 930	1, 076, 156	152, 517	73, 000	2, 158, 603
1844.....	900, 471	1, 109, 615	165, 614	101, 396	2, 280, 096
1845.....	904, 476	1, 223, 218	190, 903	98, 405	2, 417, 002
1846.....	943, 307	1, 315, 577	187, 420	115, 781	2, 562, 085
1847.....	1, 047, 454	1, 488, 601	193, 859	109, 132	2, 839, 046
1848.....	1, 168, 707	1, 659, 317	192, 613	133, 405	3, 164, 042
1849.....	1, 258, 766	1, 770, 376	180, 186	124, 698	3, 334, 016
1850.....	1, 439, 694	1, 797, 825	146, 017	151, 918	3, 535, 454
1851.....	1, 644, 663	1, 899, 976	181, 644	146, 156	3, 772, 439
1852.....	1, 705, 650	2, 055, 873	193, 798	183, 119	4, 135, 440
1853.....	1, 910, 471	2, 134, 255	193, 203	169, 078	4, 407, 010
1854.....	2, 151, 918	2, 322, 114	181, 901	146, 969	4, 802, 902
1855.....	2, 348, 358	2, 543, 255	186, 848	133, 540	5, 212, 001
1856.....	2, 802, 190	2, 247, 663	189, 461	132, 339	4, 871, 653
1857.....	2, 268, 196	2, 336, 609	195, 842	140, 196	4, 940, 843
1858.....	2, 301, 148	2, 401, 220	198, 694	148, 846	5, 049, 808
1859.....	2, 321, 674	2, 480, 929	185, 728	156, 707	5, 145, 038
1860.....	2, 379, 396	2, 644, 867	166, 841	162, 764	5, 353, 868
1861.....	2, 496, 894	2, 704, 544	145, 734	192, 641	5, 539, 813
1862.....	2, 173, 537	2, 616, 716	117, 714	204, 197	5, 112, 164
1863.....	1, 926, 886	2, 960, 633	99, 228	168, 309	5, 155, 056
1864.....	1, 436, 749	3, 245, 265	95, 145	159, 241	4, 986, 400
1865.....	1, 518, 350	3, 381, 522	84, 233	112, 677	5, 096, 782
1866.....	1, 887, 756	2, 719, 621	105, 170	98, 231	4, 310, 778
1867.....	1, 515, 643	2, 660, 390	52, 384	76, 065	4, 304, 437
1868.....	1, 487, 246	2, 702, 140	73, 486	83, 887	4, 351, 759
1869.....	1, 496, 220	2, 515, 515	70, 202	62, 704	4, 144, 641
1870.....	1, 448, 846	2, 633, 247	67, 954	91, 460	4, 246, 507
1871.....	1, 363, 652	2, 764, 600	61, 490	92, 865	4, 282, 607
1872.....	1, 369, 040	2, 929, 552	51, 608	97, 547	4, 437, 747
1873.....	1, 378, 533	3, 163, 220	44, 755	109, 519	4, 696, 027
1874.....	1, 389, 815	3, 293, 439	39, 108	78, 290	4, 800, 652
1875.....	1, 515, 598	3, 219, 698	38, 229	80, 207	4, 853, 732
1876.....	1, 553, 705	2, 598, 835	39, 116	87, 802	4, 279, 458
1877.....	1, 570, 600	2, 540, 322	40, 593	91, 085	4, 242, 600
1878.....	1, 589, 348	2, 497, 170	39, 700	86, 547	4, 212, 765
1879.....	1, 451, 506	2, 598, 182	40, 028	79, 885	4, 169, 601
1880.....	1, 314, 402	2, 637, 686	38, 408	77, 538	4, 068, 034
1881.....	1, 297, 035	2, 646, 011	38, 551	76, 137	4, 057, 734
1882.....	1, 259, 492	2, 795, 776	32, 802	77, 863	4, 165, 933
1883.....	1, 269, 681	2, 838, 354	32, 414	95, 038	4, 235, 487
1884.....	1, 276, 972	2, 884, 068	27, 249	82, 940	4, 271, 229
1885.....	1, 262, 814	2, 895, 371	25, 184	82, 565	4, 265, 934
1886.....	1, 088, 041	2, 939, 252	23, 138	80, 705	4, 131, 136
1887.....	989, 412	3, 010, 735	26, 151	79, 547	4, 105, 845
1888.....	919, 302	3, 172, 120	24, 482	76, 012	4, 191, 916
1889.....	999, 619	3, 211, 416	21, 976	74, 464	4, 307, 475
1890.....	928, 062	3, 409, 435	18, 633	68, 367	4, 424, 497
1891.....	988, 719	3, 609, 876	17, 231	68, 933	4, 684, 759
1892.....	977, 624	3, 700, 773	17, 052	69, 472	4, 764, 921
1893.....	883, 199	3, 854, 693	16, 604	70, 575	4, 825, 071
1894.....	899, 698	3, 696, 276	16, 482	71, 578	4, 684, 029
1895.....	822, 347	3, 728, 714	15, 839	69, 060	4, 635, 960
1896.....	829, 833	3, 790, 296	15, 121	68, 630	4, 708, 880
1897.....	792, 870	3, 896, 826	12, 714	66, 610	4, 769, 020
1898.....	726, 213	3, 959, 702	11, 496	52, 327	4, 749, 738
1899.....	837, 229	3, 965, 313	11, 017	50, 679	4, 864, 238
1900.....	816, 795	4, 286, 516	9, 899	51, 629	5, 164, 839
1901.....	879, 595	4, 582, 645	9, 534	52, 444	5, 524, 218
1902.....	873, 235	4, 858, 714	9, 320	56, 633	5, 797, 902
1903.....	879, 264	5, 141, 037	9, 512	57, 532	6, 087, 345
1904.....	888, 628	5, 335, 164	10, 140	57, 608	6, 291, 535

## APPENDIX B.

## TONNAGE OF THE WORLD AND OF IMPORTANT MARITIME POWERS.

## STEAM VESSELS OVER 100 TONS AND SAIL VESSELS OVER 50 TONS.

[Recorded by Bureau Veritas.]

## THE WORLD.

Year.	Steam (over 100 tons).		Sail (over 50 tons).		Potential tonnage.
	Number.	Gross tons.	Number.	Net tons.	
1890.....	9,638	12,825,709	33,879	10,540,051	43,687,039
1893.....	10,629	15,134,436	29,756	9,329,063	48,528,319
1894.....	10,744	15,657,124	29,333	9,547,747	49,526,847
1895.....	10,896	16,338,513	29,570	9,323,995	50,764,795
1896.....	11,155	17,089,596	29,348	9,135,560	51,179,660
1897.....	11,271	17,889,006	29,215	8,894,732	54,605,664
1898.....	11,576	18,896,042	28,885	8,693,769	55,442,853
1899.....	11,456	19,711,332	27,867	8,347,596	57,008,600
1900.....	12,289	21,787,600	27,982	8,206,889	62,068,253
1901.....	12,702	23,379,726	27,854	8,119,121	66,771,601
1902.....	13,106	24,967,638	27,976	8,078,897	69,806,793
1903.....	13,881	26,158,358	27,705	8,066,305	73,334,581
1904.....	17,532	27,900,457	26,873	7,812,957	76,567,601

## BRITISH.

1890.....	5,302	8,043,872	10,559	3,693,650	24,119,974
1893.....	5,694	9,333,361	9,277	3,574,847	27,121,331
1894.....	5,735	9,706,976	8,892	3,485,590	27,885,806
1895.....	5,771	9,984,280	8,793	3,333,607	28,258,833
1896.....	5,690	10,245,557	8,726	3,267,625	28,920,729
1897.....	5,661	10,552,498	8,595	3,098,618	30,064,198
1898.....	5,707	10,933,111	8,125	2,910,555	29,868,083
1899.....	5,453	11,093,807	7,706	2,662,163	29,696,992
1900.....	5,649	11,859,681	7,326	2,513,307	32,096,443
1901.....	5,621	12,457,111	7,134	2,352,378	32,821,878
1902.....	5,889	13,305,915	7,029	2,233,634	34,652,644
1903.....	5,929	13,966,972	6,839	2,196,443	36,907,579
1904.....	8,406	14,889,175	6,773	2,080,243	38,621,165

## GERMAN.

1890.....	689	990,754	1,398	706,475	3,331,208
1893.....	779	1,144,199	1,386	667,219	3,875,151
1894.....	810	1,216,092	1,265	624,922	4,065,282
1895.....	826	1,306,771	1,105	597,862	4,343,766
1896.....	831	1,360,472	1,096	566,973	4,152,357
1897.....	846	1,462,530	1,067	544,420	4,681,812
1898.....	878	1,625,521	1,000	535,937	4,605,413
1899.....	900	1,873,333	981	548,053	5,215,765
1900.....	1,031	2,169,029	955	551,025	5,962,785
1901.....	1,115	2,430,206	966	536,744	6,732,728
1902.....	1,167	2,622,308	957	527,543	7,052,727
1903.....	1,193	2,767,493	914	528,267	7,345,747
1904.....	1,479	2,887,130	948	506,010	7,635,342

## FRENCH.

1890.....	471	805,983	1,627	298,787	2,238,747
1893.....	500	856,375	1,490	257,444	2,181,128
1894.....	503	872,103	1,490	256,266	2,121,550
1895.....	501	864,598	1,459	255,095	2,100,683
1896.....	539	933,244	1,425	252,940	2,207,644
1897.....	539	979,072	1,360	269,667	2,269,147
1898.....	547	952,682	1,334	279,412	2,286,580
1899.....	526	935,968	1,371	309,851	2,067,704
1900.....	545	1,060,238	1,396	341,037	2,594,193
1901.....	560	1,079,683	1,406	401,353	2,542,785
1902.....	566	1,096,120	1,429	467,026	2,721,806
1903.....	566	1,139,575	1,443	535,703	2,907,063
1904.....	835	1,266,486	1,440	494,123	3,040,147

*Tonnage of the world and of important maritime powers—Continued.*

NORWEGIAN.

Year.	Steam (over 100 tons).		Sail (over 50 tons).		Potential tonnage.
	Number.	Gross tons.	Number.	Net tons.	
1890.....	371	245,052	3,567	1,405,934	2,111,610
1891.....	490	367,652	3,278	1,375,133	2,416,358
1892.....	510	406,119	3,111	1,297,801	2,343,173
1893.....	530	455,317	2,959	1,240,159	2,385,551
1894.....	551	494,612	2,801	1,176,174	2,433,390
1895.....	605	576,598	2,694	1,103,284	2,544,680
1896.....	646	628,493	2,582	1,144,482	2,720,482
1897.....	657	672,549	2,306	996,673	2,666,230
1898.....	719	769,242	2,123	898,761	2,815,977
1901.....	758	779,398	2,002	833,934	2,883,742
1902.....	804	863,146	1,837	807,125	2,960,489
1903.....	844	925,688	1,740	767,981	3,069,533
1904.....	1,087	1,030,637	1,661	743,854	3,302,578

JAPANESE.

Year.	Number.	Gross tons.	Number.	Net tons.	Steam (gross) and sail (net).
1890.....	147	123,279	104	27,721	151,000
1891.....	146	120,832	98	25,602	146,434
1892.....	143	121,697	100	26,505	143,202
1893.....	179	142,095	260	37,615	179,710
1894.....	193	171,901	256	36,867	208,768
1895.....	242	274,659	255	37,655	312,314
1896.....	267	313,563	249	33,880	346,443
1897.....	318	408,508	234	31,750	440,253
1898.....	334	439,509	240	30,515	470,024
1899.....	332	455,535	310	40,966	496,501
1900.....	398	477,311	1,063	117,364	594,675
1901.....	366	518,893	1,502	170,790	689,683
1902.....	365	530,057	1,497	172,480	702,537
1903.....	373	556,036	1,521	174,624	730,660
1904.....	556	645,978	1,582	184,220	830,198

APPENDIX C.

THE NEW CUNARD SUBSIDY.

[From Report of the Commissioner of Navigation for 1903, pages 43-52.]

On the part of the British Government the Cunard contract is made jointly by the Admiralty, representing the Navy Department, by the Board of Trade, corresponding to our Department of Commerce and Labor, and by the Postmaster-General. The public purposes of the contract, recited in the preambles, are the maintenance and improvement of British steamship lines to the United States, the control by the Admiralty, when desired, of the Cunard fleet, and the transportation of the British mails.

The basic articles of the new Cunard contract are the following:

"3. (1) The company shall forthwith cause to be built for it in the United Kingdom, with all due dispatch, two steamships of large size capable of maintaining a minimum average ocean speed of from 24 to 25 knots an hour in moderate weather, suitable in all respects to maintain and develop the company's line between Liverpool and New York, or other ports in Great Britain and the United States of America.

"10. His Majesty's Government shall advance to the company a sum equal to the cost to the company of the two steamships referred to in clause 3 hereof, but not exceeding in any event £2,600,000, upon the terms and conditions following:"

The estimate of the first cost of these steamers, £1,300,000 each, was based on the investigations of a special commission of the Admiralty. That commission reported

the first cost, indicated horsepower, and annual subsidy required to maintain commercially fast British ocean steamers as follows:

Average speed.	First cost.	Engine power.	Annual subsidy.
<i>Knots.</i>		<i>I. H. P.</i>	
20	£350,000	19,000	£9,000
21	400,000	22,000	19,500
22	470,000	25,500	40,500
23	575,000	30,000	67,500
24	850,000	40,000	110,500
25	1,000,000	52,000	149,000
26	1,250,000	68,000	204,000

The speed basis is not for a measured mile, or a short distance but for the voyage of 3,000 miles across the Atlantic. The annual subsidy to make good commercial losses is based on a ten-year contract.

By the article just quoted the British Government agrees to advance the first cost, £1,300,000, of each of the two fastest steamers which can be built. This amount is to be repaid by the company in twenty annual installments of £65,000 each, beginning with the end of the first year after the second of the two steamers has made her first voyage. Beginning with the first voyage of each steamer the British Government is to pay the company an annual admiralty subvention of £75,000 for each of the two steamers, or £150,000 a year when both are in full operation. This £150,000, however, includes the present admiralty subvention for *Campania*, *Lucania*, and other existing steamers of the fleet under the agreement of October, 1902 (see article 9), amounting to about £20,000. The new admiralty subvention for the two new steamers is thus virtually £130,000, or £65,000 apiece—a sum just sufficient to equal the annual installment of the company's repayment of the Government's advance.

By paragraph 9 (e) of the contract, interest shall be at the rate of 2½ per cent per annum. At this rate the average annual interest on the principal of £1,300,000 payable in twenty years will be £17,875. Besides the Admiralty subvention of £150,000 already mentioned, the Cunard Company is also to receive £68,000 (see contract, Part II, paragraphs 13, 14, and 26) for carrying the mails once a week from Queens-town to New York. This service will require four steamers, and the postal subsidy is accordingly at the rate of £17,000 a steamer. As the two new steamers will presumably carry more than the average amount of mail, in effect the mail subsidy is calculated to pay interest on first cost, as the Admiralty subvention was calculated to repay the principal of first cost advanced by the Government.

By this agreement in effect the British Government agrees to build and give to the Cunard Company the two best steamships Great Britain can produce, and the company agrees to operate them at its own cost. The Government supplies the capital, the company meets operating expenses. The company's chance for profits depends on passenger receipts exceeding operating expenses (excluding first cost of the steamers). The Government's return for its investment is:

- "1. British transportation of British mails.
- "2. The employment of naval reserves on the Cunard steamers.
- "3. The possession of a fleet of auxiliary cruisers and transports without the cost of maintenance, including insurance, wages, repairs, etc.
- "4. The reassertion of British preeminence on the North Atlantic, threatened by the rapid development of the two great German lines."

By the third schedule of the contract the British Government has the right to purchase outright any Cunarder for a sum equal to the value of the vessel at the time of her purchase, plus 10 per cent as a bonus to the company. The present value of each steamer of the fleet, it will be noted, has been fixed in the contract, the *Lucania* and *Campania*, built in 1893, for example, each being valued in September, 1902, at £356,839. Depreciation is to be allowed at the rate of 6 per cent annually, but the value of a steamer may be appreciated by the installation of new boilers and engines. Although the British Government, as shown, pays the first cost of the new steamers, it can purchase them from the company only by a payment of 10 per cent bonus above their value, as an insurance to the company against loss consequent upon interrupted traffic.

By the same schedule the British Government may temporarily charter any vessel of the Cunard fleet at the following rates:

Speed of vessel per hour.	Rate per ton gross register per month.			
	In the event of the company not having to provide and pay the officers and crew.		In the event of the company having to provide and pay the officers and crew.	
	For first four months of each period of hire.	For subsequent period of hire.	For first four months of each period of hire.	For subsequent period of hire.
	s. d.	s. d.	s. d.	s. d.
Above 22 knots .....	25 0	25 0	30 0	30 0
Of from 20 to 22 knots, inclusive .....	20 0	20 0	24 0	24 0
Of from 17 up to 20 knots .....	20 0	17 6	24 0	21 6
Under 17 knots and above 14 knots .....	17 6	15 0	20 0	17 6

The rates are equivalent to \$87.48 a year per ton (including crew) for the steamers over 22 knots and to \$51.45 a year per ton (including crew) for steamers between 14 and 17 knots. The average earnings of the Cunard fleet in 1902 were \$57.83 per gross registered ton, so that the Government charter rate is somewhat in excess of the ordinary commercial earnings of the company.

The total annual subsidy to the Cunard Line specifically provided for in the contract consists of £150,000 (\$729,000) for admiralty services and £68,000 (\$330,480) for the mails, in all \$1,059,480. Paragraph 20 of the second part of the contract contains, however, the following provisions looking toward the maintenance of a complete Cunard semiweekly trans-Atlantic service:

"If, in consequence of additions to its fleet, the company shall at any time establish a new fast weekly midweek service between Great Britain and the United States of America (that is to say, a service performed by vessels of a speed of 18 knots and upward per hour), and the postmaster-general shall, under the powers conferred by this clause, send by means of such new service a regular mail to the United States of America which shall be equal in weight, on an average of twelve months, to not less than 10 per cent of the average weight of the mail sent each week by a mail ship under this agreement, then the postmaster-general shall make such additional payment to the company for the advantage thus obtained as (regard being had to the other payments to the company under this agreement) may be agreed upon, or failing agreement, settled by arbitration under clause 35 hereof."

The amount of the subsidy or "mail pay" under this paragraph is not fixed, but the paragraph is a pointed illustration of British policy to dispatch British mails entirely by British steamers, even if British steamers are slower than competing American and German mail steamers. With the semiweekly mail line in operation, the Cunard Company will doubtless receive about \$1,100,000 from the British Government annually. The United States pays substantially the same sum for our east-bound trans-Atlantic mails, the Cunard Company receiving of late years over \$200,000 annually from the American post-office. The proposed concentration of British west-bound mails upon the Cunard Line, with an annual payment of about \$1,100,000, may be contrasted with the American policy of distributing our east-bound trans-Atlantic mails, as shown by the following table of mail payments for a series of years to the lines named:

*American trans-Atlantic mail payments.*

Year.	International Navigation (American).	North German Lloyd (German).	Hamburg-American (German).	Cunard (British).	White Star (British).	Cie. Générale Transatlantique (French).	Total.
1889.....	\$8,642.98	\$188,633.19	\$14,868.69	\$101,818.32	\$12,875.97	\$24,959.20	\$351,298.30
1890.....	41,631.84	171,546.81	20,424.11	88,673.53	27,106.00	25,442.94	374,825.23
1891.....	25,961.00	178,108.86	29,120.47	77,849.50	62,471.04	24,749.10	397,759.97
1892.....	48,965.85	172,165.69	40,679.52	92,919.80	69,090.06	28,564.09	447,375.01
1893.....	103,029.31	162,413.55	38,361.87	105,019.66	92,918.40	34,233.80	525,976.09
1894.....	192,405.75	157,764.90	45,311.83	131,062.12	47,176.13	32,959.77	606,680.50
1895.....	223,900.48	115,599.56	41,119.24	145,859.07	51,879.99	29,229.52	607,587.86
1896.....	595,943.38	112,161.74	80,080.75	142,008.27	27,824.51	32,806.88	940,775.53
1897.....	766,507.66	107,322.30	26,296.87	144,140.26	25,974.21	35,856.23	1,106,097.53
1898.....	580,809.09	88,029.67	27,431.09	172,918.34	53,535.69	31,679.88	954,403.76
1899.....	485,673.60	95,133.19	13,861.03	183,846.20	61,873.74	37,202.22	877,639.98
1900.....	647,278.40	100,823.54	35,137.13	185,417.73	48,820.71	27,987.67	1,045,515.13
1901.....	529,101.29	80,141.81	52,750.64	213,772.80	91,591.21	24,842.21	992,199.96
1902.....	662,184.00	83,372.19	55,092.48	221,224.07	51,019.96	20,184.82	1,093,077.52
1903.....	660,672.00	111,733.09	40,905.31	241,634.19	61,994.93	30,936.46	1,147,875.98
Total ..	5,567,706.58	1,915,000.09	511,440.53	2,247,663.86	785,652.55	441,624.79	11,469,088.40

The only American trans-Atlantic mail contract now in force was made with the American Line for ten years, under the act of 1891. Under that contract the maximum annual subsidy is \$757,000 for four steamers, or on the average \$189,000 a steamer. As already shown, the Cunard contract is so arranged that the company is assured that the Government will meet the entire first cost, including interest, of the two new steamers. Two new steamers were built in the United States under the American contract in 1893-1895, at a cost each of \$2,500,000 in round numbers. During the ten years of the American contract each of these steamers, if in full operation, might thus draw \$1,890,000. If the company undertook, as does the Cunard company, to repay the first cost in 20 annual installments, during the ten years of the contract \$1,250,000 must be set aside for the purpose. The British Government requires only 2½ per cent interest from the Cunard company; the American company pays 5 per cent interest on its mortgage bonds. At this rate (assuming it were proposed to retire the bonds in twenty years) the interest charges for the ten years of the contract will amount to \$937,500. This sum, added to \$1,250,000 set apart for amortization, amounts to \$2,187,500 paid out, compared with \$1,890,000 subsidy received.

At the end of the ten-year American contract the company's payments for first cost and interest are thus nearly \$300,000 more than the maximum subsidy receivable, while the company has still to meet half of the first cost and interest thereon of a steamer adapted virtually to one line of trade. The disparity between the twenty-year Cunard contract and the ten-year American contract is lessened by the fact that Congress admitted two British-built steamers to American registry in order to give life at all to an American trans-Atlantic mail system. It is increased, on the other hand, by the higher wages paid on the American than on the British lines. The four steamers of the American Line in 1895 were unequaled by the four steamers of any foreign steamship company. Since that time the German trans-Atlantic mail fleet has considerably surpassed it. In October, 1905, the American contract will expire. Soon after that time the new Cunard contract will go into operation. In the reports of the Bureau for several years past a revision of the ocean mail act of 1891 has been suggested in the interest of the American merchant marine and of American shipbuilding. Such a revision obviously concerns the Post-Office Department and the Navy Department, as well as the Department of Commerce and Labor. The new Cunard contract suggests the desirability of action upon this subject in such a manner as shall meet the requirements of the three Departments concerned and the reasonable ambitions of the American people. The act of 1891 has failed to establish an American mail line to South America below the Caribbean.

## APPENDIX D.

## INQUIRIES AS TO THE FREE-SHIP QUESTION.

Desirous of learning how far a simple free-ship policy would be effective in increasing the American merchant marine in foreign trade, the Merchant Marine Commission caused inquiries to be sent to the chief American owners of foreign-built steamships now being operated under foreign flags. These inquiries and the replies received from the steamship managers were as follows:

THE MERCHANT MARINE COMMISSION,  
Washington, D. C.

DEAR SIRS: It is stated in the report of the Commissioner of Navigation for 1902 that you are the owners in whole or in part of several steamships foreign built and now flying foreign colors.

The Merchant Marine Commission is charged by Congress to ascertain, if possible, the best method of increasing American tonnage in the over-seas trade. Will you kindly state for the information of the Commission:

1. Whether you would, if so authorized by Congress, transfer your foreign-built ships to American registry to engage exclusively in the foreign trade, but to remain without subsidy, differential duty, or any other Government encouragement?

2. Whether you would transfer your foreign-built steamships to American registry if they were admitted to all or part of any subsidy or differential duty granted by our Government, but were still confined to the foreign trade?

3. Whether you would transfer your foreign-built steamships to American registry if no subsidy or differential duty were granted, but if the ships were allowed to enter the coastwise trade on the same terms as other American vessels?

4. Whether you would transfer your foreign-built ships to the American flag for foreign trade alone if you were required to build an equivalent tonnage in this country?

5. Whether, if your foreign-built ships were admitted to American registry, you would also wish to have the privilege of employing alien officers and be exempted from the food scale required by United States law?

Very truly, yours,

WINTHROP L. MARVIN, *Secretary.*

NEW YORK, November 2, 1904.

THE MERCHANT MARINE COMMISSION,  
Washington, D. C.

GENTLEMEN: We acknowledge yours of the 24th ultimo and herewith answer questions proposed in the light of existing circumstances and conditions, which may change materially by the time legislation is enacted.

In reply to question 1 we reply in the negative.

To question 2 we reply that we would probably if entitled to full subsidy.

No. 3 we answer affirmatively.

No. 4 we answer in the negative.

No. 5. We would prefer to have the privilege of employing aliens for positions below captain and chief engineers, but would not object to compliance with United States law respecting food scale.

Yours, truly,

W. R. GRACE & Co.,  
Per A. D. SNOW.

INTERNATIONAL MERCANTILE MARINE COMPANY,  
OFFICE OF THE VICE PRESIDENT,  
9 Broadway, New York, November 3, 1904.

WINTHROP L. MARVIN, Esq.,  
*Secretary the Merchant Marine Commission, Washington, D. C.*

DEAR SIR: In reply to your communication of the 29th ultimo asking certain questions for the information of the Merchant Marine Commission, we beg to make reply as follows:

1. If Congress should authorize the issuing of American register to foreign-built ships to engage exclusively in the foreign trade, but provide for no governmental



assistance to such ships, we could not afford to transfer any of our foreign-built ships to American register, as the increased cost of operating steamers under the American flag, compared with the steamers under foreign flags in the same trade, would be too great to warrant the transfer.

2. If foreign-built steamers were admitted to American register and were granted sufficient governmental assistance (either by subsidy or otherwise) to offset the increased cost of operating under the American flag as compared with the cost under a foreign flag, we would doubtless take advantage of this act and transfer some of our steamers now under foreign register to American register.

3. If no subsidy or other assistance were granted by Congress to foreign-built ships transferred to American register, but such steamers were permitted to enter the coastwise trade on the same terms as other American vessels, there would be no inducement to make the transfer, as steamers constructed for the foreign trade are not generally suitable for coastwise trade.

4. If Congress should pass an act providing for the admission to American register of foreign-built ships under an agreement on the part of the shipowner to build an equal amount of tonnage in this country, we could not take advantage of this act unless, in addition, governmental assistance was provided sufficient to offset the increased cost of building and operating steamers under American register.

5. If foreign-built ships were admitted to American register we would not care for the privilege of employing alien officers and to be exempted from the food schedule required by United States laws, provided the assistance offered by the Government as an offset to increased expenses were sufficient to cover the increased cost of wages and provisions of the American crew.

We have endeavored to answer your questions, but if there is any further information that you require, we will be pleased to have you communicate with us.

Yours, truly,

P. A. S. FRANKLIN, *Vice-President.*

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DONALD STEAMSHIP COMPANY (INCORPORATED),  
18 Broadway, New York, October 29, 1904.

WINTHROP L. MARVIN, Esq.,

*Secretary Merchant Marine Commission, Washington, D. C.*

DEAR SIR: I beg to acknowledge receipt of your letter of October 25, and beg to apologize for the delay in not answering same sooner. In reply to your letter, I have considered the five questions which you ask, and in answer would say—

1. I beg to state on my own behalf as official president of this company, without consulting my directors, that I would not feel inclined to transfer our foreign-built ships to American registry without some inducement for doing so.

2. I think, on the conditions indicated in your question, that we would be willing to transfer our foreign-built ships to American registry, to be confined to the foreign trade.

3. I believe we would not be willing to transfer our foreign-built ships to American registry in order to participate in the benefits of the coasting trade, as we believe that if a general transfer of other firms' property was put in that trade it would be as much depressed as the foreign trade for American ships.

4. I am not prepared to state that we would transfer our foreign-built ships to the American flag for foreign trade alone if we were required to build an equivalent tonnage in this country.

5. I am not prepared to state that we would desire to have the privilege of employing alien officers for our foreign-built ships if they are admitted to American registry.

I should like to be permitted to further add, however, that I am in favor of having foreign-built ships bought and purchased by American citizens without seeking any Government assistance whatever, as I am convinced that the nucleus for the ship-owning business could be started in this country in this manner alone, and that by reason of ultimate repairs and renewals American shipowners will be able to build ships as cheaply as they could be built in foreign countries, and I would be further in favor of citizens of foreign countries being licensed to navigate those ships under the laws of this country.

I should be very pleased indeed to appear before the Commission and explain my views on this matter. I am in favor of protecting the coasting trade just as it remains at present on behalf of American shipping industry. So far as I can see at present the permission for American citizens to own foreign-built tonnage would not affect

one iota the interest of the American shipbuilders, as I have not been able to discover in the records of the last two or three years that any appreciable amount of tonnage has been built in this country for the offshore trade.

At your service, I am, yours, truly,

JOHN A. DONALD.

21 STATE STREET, NEW YORK, October 27, 1904.

MR. WINTHROP L. MARVIN,  
*Secretary Merchant Marine Commission, Washington, D. C.*

DEAR SIR: We are in receipt of your letter of October 25, and you doubtless will appreciate how impossible it is for us to state definitely to-day what our action would be on certain possible future contingencies, without knowing the conditions that the future may reveal. On general principles, however, we might state for the information of the Commission, and waiving for the time all other considerations except those of a purely commercial advantage, in reply to question—

1. That there would be no incentive, from a business point of view, to transfer foreign-built ships to American registry, if they were to be confined exclusively to the foreign trade, but to remain without subsidy, differential duty, or any other Government encouragement, on account of the greater cost of operating vessels under the American flag than under some foreign flag.

2. The advisability of transferring foreign-built ships to American registry, if they were to be admitted to all or part of any subsidy or differential duty granted by our Government yet confined to foreign trade, would depend entirely upon the amount of such remuneration that the steamers would receive under such subsidy or differential duty. If it did not fully compensate for the extra cost of operation there would be no advantage to be gained by making the change.

3. We could not say at the present time whether we would want to transfer our foreign-built ships to American registry without subsidy, but with the privilege of entering the coastwise trade.

4. The answer to No. 1 practically covers this question also. There would be nothing gained by transferring foreign-built ships to American registry and building an equivalent tonnage in this country unless both classes of vessels participate in the subsidy or differential duty.

5. In view of the possibility that there might not be a sufficient number of experienced officers and engineers to man all American and foreign-built ships operating under American registry, we would deem it advisable that the privilege should be granted of employing alien officers and engineers, at least for a term of years after the passage of any legislation granting American registry to foreign-built vessels.

We trust that the above fully answers your desires, and remain,

Yours, truly,

T. HOGAN & SONS.

BALTIMORE, MD., November 4, 1904.

MR. WINTHROP L. MARVIN,  
*Secretary Merchant Marine Commission, Washington, D. C.*

MY DEAR MR. MARVIN: I am in receipt of your letter of the 1st instant, and note your request for a formal reply from me to the various questions you have submitted, also to others, for the information of the Commission. You will find below the questions and my answers to each.

1. Whether you would, if so authorized by Congress, transfer your foreign-built ships to American registry to engage exclusively in the foreign trade, but to remain without subsidy, differential duty, or any other Government encouragement?

Answer. No.

2. Whether you would transfer your foreign-built steamships to American registry, if they were admitted to all or part of any subsidy or differential duty granted by our Government, but were still confined to the foreign trade?

Answer. Yes.

3. Whether you would transfer your foreign-built steamships to American registry if no subsidy or differential duty were granted, but if the ships were allowed to enter the coastwise trade on the same terms as other American vessels?

Answer. No.

4. Whether you would transfer your foreign-built ships to the American flag for foreign trade alone if you were required to build an equivalent tonnage in this country?

Answer. Yes, if subsidy or differential duty sufficient were given.

5. Whether, if you foreign-built ships were admitted to American registry, you would wish also to have the privilege of employing alien officers, and be exempted from the food scale required by United States law?

Answer. Yes, would wish privilege to employ alien officers.

No, would not wish exemption from food scale required by United States law.

Yours, very truly,

B. N. BAKER.

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FURNESS, WITHEY & Co. (LIMITED),

*Rooms 360-362 Produce Exchange, New York, January 3, 1905.*

*The Merchant Marine Commission, Washington, D. C.*

DEAR SIR: Referring to your communication of the 25th October, addressed to the Chesapeake and Ohio Steamship Company (Limited), Newport News, Va., after having submitted your questions to the head office of the company in London, we are in receipt of their communication under date of the 23d ultimo, as follows:

1. No.

2. We would be willing to consider a proposal of this kind, but would have to have further particulars before giving a definite reply.

3. No.

4. No.

5. Yes.

Yours, very truly,

GEORGE L. WOOLLEY.

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ANGLO-AMERICAN OIL COMPANY (LIMITED),

*26 Broadway, New York, December 13, 1904.*

Mr. WINTHROP L. MARVIN,

*Secretary, Merchant Marine Commission, Washington, D. C.*

DEAR SIR: Owing to the writer's absence in Europe your favor of October 25 has not been attended to before. The questions propounded by you we would answer as follows:

No. 1. No.

No. 2. We would be in favor of transferring to American registry if the subsidy granted was sufficient to offset the higher cost of running the vessels.

No. 3 and No. 4. We would answer no.

No. 5. We would wish to have the privilege of employing foreign officers, but we would not object to the American food scale.

Respectfully, yours,

PHILIP RUPRECHT, *Agent,*

ANGLO-AMERICAN OIL Co. (LIMITED).

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## APPENDIX E.

### SUMMARY OF AMERICAN LAWS FOR BOUNTIES TO FISHING VESSELS.

[February 16, 1792.]

AN ACT Concerning certain fisheries of the United States, and for the regulation and government of the fishermen employed therein.

SECTION 1. *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the allowance now made upon the exportation of dried fish of the fisheries of the United States, in lieu of a drawback of the duties paid on the salt used in preserving the same, shall cease on all dried fish exported after the tenth day of June next, and as a commutation and equivalent therefor, there shall be afterwards paid on the last day of December annually, to the owner of every vessel or his agent, by the collector of the district where such vessel may belong, that shall be qualified agreeably to law, for carrying on the bank and other cod fisheries, and that shall actually have been employed therein at sea for the*

term of four months, at the least, of the fishing season, next preceding, which season is accounted to be from the last day of February to the last day in November in every year, for each and every ton of such vessel's burthen according to her admeasurement as licensed or enrolled, if of twenty tons and not exceeding thirty tons, one and one-half dollars, and if above thirty tons two and an half dollars, of which allowance aforesaid three-eighths parts shall accrue and belong to the owner of such fishing vessel, and the other five-eighths thereof shall be divided by him, his agent or lawful representative, to and among the several fishermen who shall have been employed in such vessel during the season aforesaid, or a part thereof, as the case may be, in such proportions as the fish they shall respectively have taken may bear to the whole quantity of fish taken on board such vessel during such season: *Provided*, That the allowance aforesaid on any one vessel, for one season, shall not exceed one hundred and seventy dollars.

(By the act of July 8, 1797, the bounties to fishing vessels were increased 33½ per cent, to take effect on January 1, 1798.)

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[July 29, 1813, Thirteenth Congress, first session, chapter 35.]

AN ACT Laying a duty on imported salt; granting a bounty on pickled fish exported, and allowances to certain vessels employed in the fisheries.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That from and after the first day of January next a duty of twenty cents per bushel shall be laid, imposed, and collected upon all salt imported from any foreign port or place into the United States. In calculating the said duty every fifty-six pounds of salt shall be computed as equal to one bushel. And the said duty shall be collected in the same manner, and under the same regulations, as other duties laid on the importation of foreign goods, wares, and merchandise into the United States: *Provided*, That drawback shall in no case be allowed, and the term of credit for the payment of duties shall be nine months.

SEC. 2. *And be it further enacted*, That on all pickled fish of the fisheries of the United States, exported therefrom subsequent to the last day of December, eighteen hundred and fourteen, there shall be allowed and paid a bounty of twenty cents per barrel, to be paid by the collector of the district from which the same shall be so exported, without any deduction or abatement: *Provided always*, That in order to entitle the exporter or exporters of such pickled fish to the benefit of such bounty or allowance, the said exporter or exporters shall make entry with the collector and naval officer of the district from whence the said pickled fish are intended to be exported; and shall specify in such entry the names of the master and vessel in which and the place where such fish are intended to be exported, together with the particular quantity; and proof shall be made to the satisfaction of the collector of the district from which such pickled fish are intended to be exported, and of the naval officer thereof, if any, that the same are of the fisheries of the United States; and no entry shall be received as aforesaid of any pickled fish which have not been inspected and marked pursuant to the inspection laws of the respective States where inspection laws are in force in regard to any pickled fish, and the casks containing such fish shall be branded with the words "for bounty," with the name of the inspector or packer, the species and quality of the fish contained therein, and the name of the port of exportation; and the collector of such district shall, together with the naval officer, where there is one, grant an order or permit for the inspector to examine the pickled fish as expressed in such entry, and if they correspond therewith, and the said officer is fully satisfied that they are of the fisheries of the United States, to lade the same, agreeably to such entry, on board the ship or vessel therein expressed; which lading shall be performed under the superintendence of the officer examining the same, who shall make returns of the quantity and quality of pickled fish so laden on board, in virtue of such order or permit, to the officer or officers granting the same. And the said exporter or exporters, when the lading is completed, and after returns thereof have been made as above directed, shall make oath or affirmation that the pickled fish expressed in such entry, and then actually laden on board the ship or vessel as therein expressed, are truly and bona fide of the fisheries of the United States, that they are truly intended to be exported as therein specified, and are not intended to be reloaded within the limits of the United States; and shall also give bond in double the amount of the bounty or allowance to be received, with one or more sureties to the satisfaction of the collector of the port or place from which the said pickled fish are

intended to be exported, conditioned that the same shall be landed and left at some foreign port or place without the limits aforesaid; which bonds shall be cancelled at the same periods and in like manner as is provided in respect to bonds given on the exportation of goods, wares, and merchandise entitled to drawback of duties: *Provided always*, That the said bounty or allowance shall not be paid until at least six months after the exportation of such pickled fish, to be computed from the date of bond, and until the exporter or exporters thereof shall produce to the collector with whom such outward entry is made such certificates or other satisfactory proof of the landing of the same as aforesaid as is made necessary for cancelling the bonds given on the exportation of goods entitled to drawback: *And provided also*, That the bounty or allowance as aforesaid shall not be paid unless the same shall amount to ten dollars at least upon each entry.

SEC. 3. *And be it further enacted*, That no bounty, drawback, or allowance shall be made under the authority of this act unless it shall be proved to the satisfaction of the collector that the pickled fish for which the bounty, drawback, or allowance shall be claimed was wholly cured with foreign salt, and on which a duty shall have been secured or paid.

SEC. 4. *And be it further enacted*, That if any pickled fish shall be falsely or fraudulently entered, with intent to obtain the bounty or allowance on their exportation as here provided, when the said fish are not entitled to the same, the said fish or the value thereof, to be recovered of the person making such false entry, shall be forfeited.

SEC. 5. *And be it further enacted*, That from and after the last day of December, 1814, there shall be paid on the last day of December, annually, to the owner of every vessel or his agent, by the collector of the district where such vessel may belong, that shall be qualified agreeably to law for carrying on the bank and other cod fisheries, and that shall actually have been employed therein at sea for the term of four months, at the least, of the fishing season next preceding, which season is accounted to be from the last day of February to the last day of November in every year, for each and every ton of such vessel's burthen according to her admeasurement as licensed or enrolled, if of 20 tons and not exceeding 30 tons, \$2.40, and if above 30 tons, \$4, of which allowance aforesaid three-eighths part shall accrue and belong to the owner of such fishing vessel and the other five-eighths thereof shall be divided by him, his agent or lawful representative, to and among the several fishermen who shall have been employed in such vessel during the season aforesaid, or a part thereof, as the case may be, in such proportion as the fish they shall respectively have taken may bear to the whole quantity of fish taken on board such vessel during such season: *Provided*, That the allowance aforesaid on any one vessel for one season shall not exceed \$272.

SEC. 6. *And be it further enacted*, That from and after the last day of December, 1814, there shall also be paid, on the last day of December, annually to the owner of every fishing boat or vessel of more than 5 tons and less than 20 tons, or to his agent or lawful representative, by the collector of the district where such boat or vessel may belong, the sum of \$1.60 upon every ton admeasurement of such boat or vessel, and shall accordingly be so divided among all persons interested therein: *Provided, however*, That this allowance shall be made only to such boats or vessels as shall have been actually employed at sea in the cod fishery for the term of four months at least of the preceding season: *And provided also*, That such boat or vessel shall have landed in the course of said preceding season a quantity of fish not less than 12 quintals for every ton of her admeasurement; the said quantity of fish to be ascertained when dried and cured fit for exportation, and according to the weight thereof as the same shall weigh at the time of delivery when actually sold, which account of the weight with the original adjustment and settlement of the fare or fares among the owners and fishermen, together with a written account of the length, breadth, and depth of said boat or vessel, and the time she has actually been employed in the fishery in the preceding season, shall in all cases be produced and sworn or affirmed to before the said collector of the district, in order to entitle the owner, his agent, or lawful representative to receive the allowances aforesaid. And if at any time within one year after payment of such allowance it shall appear that any fraud or deceit has been practiced in obtaining the same, the boat or vessel upon which such allowance shall have been paid, if found within the district aforesaid, shall be forfeited; otherwise the owner or owners having practiced such fraud or deceit shall forfeit and pay \$100, to be sued for, recovered, and distributed in the same manner as forfeitures and penalties are to be sued for, recovered, and distributed for any breach of the act entitled "An act to regulate the collection of duties on imports and tonnage."

SEC. 7. *And be it further enacted*, That the owner or owners of every fishing vessel of 20 tons and upward, his or their agent or lawful representative, shall, previous to receiving the allowance made by this act, produce to the collector who is authorized

to pay the same the original agreement or agreements which may have been made with the fishermen employed on board such vessel as is hereinbefore required, and also a certificate, to be by him or them subscribed, therein mentioning the particular days on which such vessel sailed and returned on the several voyages or fares she may have made in the preceding fishing season, to the truth of which he or they shall swear or affirm before the collector aforesaid.

SEC. 8. *And be it further enacted*, That no ship or vessel of 20 tons or upward, employed as aforesaid, shall be entitled to the allowance granted by this act unless the skipper or master thereof shall, before he proceeds on any fishing voyage, make an agreement, in writing or in print, with every fisherman employed therein, according to the provisions of the act entitled "An act for the government of persons in certain fisheries."

SEC. 9. *And be it further enacted*, That any person who shall make any false declaration in any oath or affirmation required by this act, being duly convicted thereof in any court of the United States having jurisdiction of such offense, shall be deemed guilty of willful and corrupt perjury, and shall be punished accordingly.

SEC. 10. *And be it further enacted*, That this act shall continue in force until the termination of the war in which the United States are now engaged with the United Kingdom of Great Britain and Ireland and the dependencies thereof and for one year thereafter, and no longer.

Approved, July 29, 1813.

The above act was continued by act of February 9, 1816.

Amended, March 3, 1819.

AN ACT in addition to and alteration of an act entitled "An act laying a duty on imported salt, granting a bounty on pickled fish exported, and allowances to certain vessels employed in the fisheries."

[Fifteenth Congress, second session, chapter 88.]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That from and after the passing of this act there shall be paid, on the last day of December, annually, to the owner of every fishing boat or vessel, or his agent, by the collector of the district where such boat or vessel may belong, that shall be qualified agreeably to law for carrying on the bank and other cod fisheries, and that shall actually have been employed therein at sea for the term of four months at least of the fishing season next preceding, which season is accounted to be from the last day of February to the last day of November in every year, for each and every ton of such boat's or vessel's burden, according to her admeasurement as licensed or enrolled, if of more than 5 tons and not exceeding 30 tons, \$3.50; if above 30 tons, \$4, and if above 30 tons and having had a crew of not less than ten persons, and having been actually employed in the cod fishery at sea for the term of three and one-half months at the least, but less than four months, of the season aforesaid, \$3.50: *Provided*, That the allowance aforesaid on any one vessel for one season shall not exceed \$360.

SEC. 2. *And be it further enacted*, That such parts of the fifth and sixth sections of the act hereby amended as are contrary to the provisions of this act be, and the same are hereby, repealed.

Approved, March 3, 1819.

SEC. 5 of an act reducing the duty on imports, and for other purposes. (Chapter 74, Twenty-ninth Congress, first session, July 30, 1846.)

SEC. 5. *And be it further enacted*, That from and after the first day of December next, in lieu of the bounty heretofore authorized by law to be paid on the exportation of pickled fish of the fisheries of the United States, there shall be allowed on the exportation thereof, if cured with foreign salt, a drawback equal in amount to the duty paid on the salt, and no more, to be ascertained under such regulations as may be prescribed by the Secretary of the Treasury.

Approved, July 30, 1846.

SEC. 4, chapter 298, Laws of 1866, Thirty-ninth Congress, first session.

SEC. 4. *And be it further enacted*, That all laws and parts of laws allowing fishing bounties to vessels hereafter licensed to engage in the fisheries be, and the same are

hereby, repealed: *Provided*, That from and after the date of the passage of this act, vessels licensed to engage in the fisheries may take on board imported salt in bond to be used in curing fish, under such regulations as the Secretary of the Treasury shall prescribe, and upon proof that said salt has been used in curing fish the duties on the same shall be remitted.

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[March 1, 1817.]

**AN ACT concerning the navigation of the United States.**

**SEC. 3.** *And be it further enacted*, That after the thirtieth day of September next the bounties and allowances now granted by law to the owners of boats or vessels engaged in the fisheries shall be paid only on boats or vessels the officers and at least three-fourths of the crews of which shall be proved, to the satisfaction of the collector of the district where such boat or vessel shall belong, to be citizens of the United States or persons not the subjects of any foreign prince or state.

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[June 28, 1864.]

**AN ACT repealing certain provisions of law concerning seamen on board public and private vessels of the United States.**

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That so much of an act entitled "An act for the regulation of seamen on board the public and private vessels of the United States," approved the third of March, one thousand eight hundred and thirteen, as makes it not lawful to employ on board any of the public or private vessels of the United States any person or persons except citizens of the United States or person[s] of color, natives of the United States; and so much of the third, fifth, sixth, and seventh sections of "An act concerning the navigation of the United States," approved the first of March, one thousand eight hundred and seventeen, as concerns the crews of vessels therein named; and so much of the first section of an act entitled "An act to repeal the tonnage duties upon ships and vessels of the United States and upon certain foreign vessels," approved the thirty-first of May, one thousand eight hundred and thirty, as makes discrimination in favor of vessels certain proportions of whose crews shall be citizens of the United States, shall be, and the same are hereby, repealed: *Provided, however*, That officers of vessels of the United States shall in all cases be citizens of the United States.

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**APPENDIX F.**

**JAPAN'S MERCHANT MARINE.**

[From the Nautical Gazette, March 3, 1904.]

Mr. K. Uchida, director of the marine bureau, Empire of Japan, prepared and read a most interesting paper at the last meeting of the Japanese Society of Naval Architects, which was held in Osaka. This paper was entitled "On shipbuilding bounties, as applied in Japan and abroad," and is a complete history of the rapid rise of the nation among the maritime powers of the world. When she fought with China, Japan had few merchant vessels and fewer war vessels. At the close of this war the Government resolved to encourage not only shipbuilding, but the establishment of steamship lines to various parts of the world as well. To stimulate her citizens and shipowners to activity in these lines liberal inducements were offered. The Government passed an act in 1896, to remain in force eighteen years, which especially encouraged not only the building of ships but of running them. The following bounties were provided for: All vessels of over 700 tons to 1,000 tons, if built in Japan, were to receive 12 yen (about \$6) per ton, and those over 1,000 tons were to receive 20 yen (about \$10) per ton upon the vessel itself. For the machinery a uniform rate of 5 yen per indicated horsepower (determined on trial) was to be paid on all native-built steamers over 700 tons. Up to the end of 1903 31 steamers

had been built in Japan, and 10 more were being built, all of which came under the head of this act. The total tonnage of these steamers was something over 86,000 gross tons, and the total indicated horsepower over 71,000.

Aside from the stimulating influence of an act that makes it obligatory on the Government to assume a portion of the original cost of a vessel, it also provides for the regular payment of subsidies or bounties to those vessels when placed in the foreign trade. The amounts of subsidy paid each year by Japan to such vessels for the first six years succeeding the passage of the act were as follows:

1897 .....	\$360,000	1900 .....	\$605,000
1898 .....	1,315,000	1901 .....	450,000
1899 .....	2,020,000	1902 .....	160,000

The reason for the rapid decline in the amounts paid after the year 1899 is explained in the following manner: Under the act of 1896 all Japanese steamers of more than 1,000 tons and of a speed exceeding 10 knots receive subsidy just as long as they are engaged in the foreign trade, the minimum subsidy amounting to 25 sen (about 12½ cents) per ton per 1,000 miles traveled. With the increase and size of the ship, as well as of speed, the subsidy increases up to 60 sen (30 cents), the tonnage required to insure this highest rate being 6,000 and speed 17 knots. From the date of the launch of the steamer up to and including her fifth year, the subsidy is paid in full. After the fifth year it is reduced 5 per cent every year, and when the steamer is 15 years old it is withdrawn altogether.

It is stated that the encouragement thus given was found to be insufficient to induce Japanese owners to enter into serious competition with well-established foreign steamship companies. This fact known, in 1899 a new departure was made, and the Government entered into special contracts with steamship owners to give regular service on certain definite routes. As these lines receive the special subsidy only, the steamers that benefit under the old arrangement are fewer than was previously the case. Thus the special subsidies now being paid and assured steamship lines predominate largely over those paid out on account of the old act of 1896. At the present time the definite contracts with the Government are those in force with the Nippon Yusen Kaisha, the Toyo Kisen Kaisha, the Osaka Shosen Kaisha, the Daito Kisen Kaisha, H. Oie & Co., and the Hunan Steamship Company. The Nippon Yusen Kaisha is, of course, the leading line, and naturally controls the largest number of steamers and the principal routes. These routes, and the subsidies paid, are as follows:

Yokohama to Melbourne, employing 3 steamers of 3,500 tons and above; speed, 16 knots and above. A monthly service. Subsidy, \$268,000. Contract runs from April, 1901, to March, 1906.

Yokohama to Bombay, employing 3 steamers of 3,000 tons and above; 10 knots and above. A monthly service. Subsidy, \$91,000. Contract runs from April, 1901, to March, 1906.

European line, employing 12 steamers of 6,000 tons and above; 14 knots and above. A fortnightly service. Subsidy, \$1,364,000. Contract runs from January, 1900, to December, 1909.

Hongkong to Seattle, employing 3 steamers of 6,000 tons and above; 15 knots and above. A four weeks' service. Subsidy, \$333,500. Contract runs from November, 1901, to December, 1909.

**Also mail routes:**

1. Yokohama to Shanghai, employing 3 steamers of 2,250 tons and above; 14 knots and above. A weekly service.

2. Kobe to North China, employing 3 steamers of 1,400 tons and above; 12 knots and above. A weekly service, except in winter.

3. Kobe, Korea, and North China, employing 1 steamer of over 1,400 tons; speed, over 12 knots. A four weeks' service.

4. Kobe to Vladivostock, employing 1 steamer of over 1,400 tons and 12 knots. A four weeks' service.

5. Kobe to Otaru, employing 12 steamers of 1,400 tons and above; 14 knots and above; two routes: eastern, 10 times a month; western, weekly.

6. Aomori to Mororan, employing 3 steamers of 700 tons and above; 10 knots and above. A daily service.

The joint subsidy for the foregoing six mail routes is \$280,500. Contract runs from October, 1900, to September, 1905.

The Toyo Kisen Kaisha runs its steamers between Hongkong and San Francisco. It employs 3 vessels of 6,000 tons and above, and 17 knots and above. It gives a four weeks' service. The subsidy is \$517,000 per annum. The contract runs from January, 1900, to December, 1909.



The following routes are covered by the Osaka Shosen Kaisha: Shanghai to Hankow, employing 3 steamers of 2,000 tons and above; 11 knots and above. A bi-weekly service; in winter, three times a fortnight. Subsidy, \$125,000. Contract runs from January, 1898, to December, 1907. Hankow to Ichang, employing 2 vessels of 1,500 tons and above; 10 knots and above. Service, six times a month; in winter four times. Subsidy, \$56,000. Contract runs from January, 1899, to December, 1907. Kobe to Korea, employing 2 steamers of 700 tons and above; 10 knots and above. A three weeks' service. Subsidy, \$15,500. Contract runs from October, 1900, to September, 1905.

The Daito Kisen Kaisha have vessels on Chinese rivers and receive \$29,500 subsidy, and H. Oie & Co. operate steamers on the Japanese Sea, and enjoy a yearly bounty of \$70,000.

The special service above enumerated costs the Japanese Government \$3,150,000 a year, in addition to the amounts given on account of new hulls and machinery and the ordinary subsidy to vessels engaging in the foreign trade not on regular lines.

## APPENDIX G.

### HOW SWEDEN ENCOURAGES DEEP-SEA TRADE.

(From the Nautical Gazette, November 10, 1904.)

As an evidence of the manner in which the comparatively insignificant maritime country of Sweden aids and encourages its shipowners, the following facts regarding loans made by the Government to a number of lines, taken from a Swedish trade journal called "Affarsvarlden," which, broadly translated, means "The Business World," is cited:

"Some time ago we enumerated the Swedish shipping firms which have been granted considerable loans in order more effectively to develop the Swedish shipping trade abroad. It is evident that this step will also be of great advantage to our export trade, in both direct and indirect ways. The Tirfing Steamship Company, which obtained a grant of \$80,400, commenced its activity with three small ships, plying on the Baltic and the North Sea. Since 1897 the steamers have become larger and more numerous, and they now number sixteen, keeping up different trades both on the above-named seas and on the Atlantic. The capital of the company, which has risen to \$846,880, will now be further increased by \$194,300 for buying two new steamers.

The company has gone in chiefly for the foreign shipping to and from Sweden. Thus it has run 1 steamer with freights between ports in North America and Tampico in Mexico; 5 steamers with ore freight from Narvik and Lulea to the Netherlands, England, and Belgium; 5 steamers with coal and timber freights on the Baltic and North seas; 2 steamers with ore freights from Oxelosund to Stettin, and finally 3 steamers on the south coast Baltic route. The Motala Shipping Company, having been granted \$26,800, has since 1899 chiefly carried on navigation on the Baltic and the North seas, in some cases extended to the Mediterranean and the White seas. The Disa Shipping Company has run its ships between Sweden and England, or France, and also between these last countries and Portugal. Lately the company bought a new, large steamer, built in Sweden, which is intended for carrying freight between North America, the West Indies, and South America. The same company even contemplates establishing a coast route in China. Mr. Marcus Wallenberg, who obtained a loan of \$53,332, states that the South African Trading Company has sold its steamer to him. This will be sent on with freights to distant waters. The company has just bought another steamer, which will pass into the hands of Mr. Wallenberg to be used for distant navigation.

"The Nike Shipping Company also has lines to South Africa. It is indeed of great importance that we should get direct trade with those ports, since our exporters have had to send their goods via Hamburg, Antwerp, or London, which of course made the expenses very heavy. The company will run 4 steamers, sending 1 every month from Sweden. Mr. C. J. Sandell has sent his ships to Brazil, the West Indies, North America, South Africa, and Australia. The Heimdal Steamship Company was granted a loan of \$17,168. It has carried on freight traffic with 3 steamers without any regular routes, chiefly between ports in Russia, Germany, England, and France. In a smaller degree it has carried coal, stone, timber, and wood pulp. One steamer has also been plying between ports on the Mediterranean and England."

The total amount loaned by the Government, as outlined above, is over \$400,000, and this has all been given in recent years. It is a notable fact that all countries that have a realizing sense of the importance of a merchant marine to do their transporting consider the maritime situation most carefully and consistently, and when Government aid will accomplish anything they are not slow to cooperate and assist in the placing of lines of trade on a firm and enduring basis. They appreciate fully and vividly the necessity of such maritime strength.

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HEARINGS BEFORE THE MERCHANT MARINE  
COMMISSION.



# HEARINGS BEFORE THE MERCHANT-MARINE COMMISSION.

## HEARINGS AT NEW YORK.

OFFICE OF THE BOARD OF TRADE AND TRANSPORTATION,  
*New York City, N. Y., May 23, 1904.*

The Commission met at 10.30 o'clock a. m.

Present: Senators GALLINGER (Chairman), LODGE, MARTIN, and MALLORY, and Representatives GROSVENOR, MINOR, HUMPHREY, SPIGHT, and McDERMOTT.

The CHAIRMAN (Senator Gallinger). The Chair has a telegram, dated at Washington, from Senator Penrose, who was extremely anxious to be with the Commission at this sitting, saying that he was late in arriving in Washington, and that he will reach New York this evening.

### ADDRESS OF HON. DARWIN R. JAMES.

Mr. JAMES. Mr. Chairman and gentlemen of the Merchant-Marine Commission, the president of the New York Board of Trade and Transportation, Hon. Oscar S. Straus, was suddenly called upon to leave the city a week and a half ago. He laid upon me the duty to extend to you his greetings and cordially to invite you to the hospitality of the city, promising such assistance as can be rendered by our board.

He also wished me to say that the board itself is exceedingly gratified at what was done during the past session of the Fifty-eighth Congress for the merchant-marine service of the country, especially the work which the Congress did for the Philippines and with respect to the appointment of this Commission.

It seems to some of us that perhaps the time is ripe for some legislation toward the accomplishment of the great end which we all desire—that our merchant marine, engaged in the ocean trade, may be put upon a better basis. It is not necessary for me to go into an explanation of the matter, for you know it better than I do, probably. You know the facts which our board, through its very efficient committee, during the last year has been scattering throughout the country, especially to the press, and thus broadcast all over the country—information bearing directly upon this subject. We have not endeavored to argue any particular point or to advocate any special measure. We are not wise enough for that. But we have been endeavoring to lay before the press and through the press before the people of the country a statement of the facts; and the facts as presented by our committee were so striking that they have produced quite an effect. We have received innumerable answers from all over the country, evincing very great interest in the matter. So it seems to me perhaps it is an opportune time for you to engage in this work.

We are only sorry that you are not able to give us more time in New York. We have very many gentlemen who desire to be heard. We know you will be received throughout the country by all the people wherever you go with great acclaim, and we wish you much success. We believe, as I said before, that this is an opportune time, and that you will be able to present something in your report to Congress which the majority of the people will accept, and which we hope will afford relief.

#### RESPONSE OF THE CHAIRMAN.

The CHAIRMAN. Mr. James, on behalf of the Merchant Marine Commission I wish to thank you, sir, and through you your associates, for the kind and generous words you have just spoken.

The Commission is here in the discharge of a responsible and troublesome task. We all realize the fact that the problem set before us is not one easy of accomplishment, but we are hopeful that through the kindly aid and cooperation of men like those assembled in this room this morning we may be able to reach some conclusion which will lay the basis, at least, for subsequent action that may result in accomplishing the object we all so much desire.

I wish to say a word in reference to the Commission itself and the work that is set before it, and then we will be ready for business. I will emphasize the fact that this is to be, so far as the wishes of the Commission are concerned, a business meeting. We do not want to spend a moment's time in useless discussion or argument on matters that are already settled, but we desire, so far as it is possible, to learn the facts and to be given information that will aid us in our work.

#### THE ACT CREATING THE COMMISSION.

The Merchant Marine Commission has met under authority conferred by an act of Congress approved April 28, 1904, entitled "An act creating a commission to consider and recommend legislation for the development of the American merchant marine, and for other purposes." For the information of those who may not have seen the act, I will read it:

*"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That a commission is hereby created, to be called 'The Merchant Marine Commission,' to be composed as follows: Five members of the Senate of the United States and five members of the House of Representatives of the United States, to be appointed by the presiding officer of each House of Congress, respectively: Provided, That at least two of the said members of the Senate and two of the said members of the House of Representatives shall be members of the minority party.*

*"SEC. 2. That it shall be the duty of this commission to investigate and to report to the Congress on the first day of its next session what legislation, if any, is desirable for the development of the American merchant marine and American commerce, and also what change, or changes, if any, should be made in existing laws relating to the treatment, comfort, and safety of seamen, in order to make more attractive the seafaring calling in the American merchant service.*

*"SEC. 3. That the commission shall give reasonable time for hearings, if deemed necessary, and if necessary it may appoint a subcom-*



mission or subcommissions of its own members to make investigation in any part of the United States, and it shall be allowed actual necessary expenses for the same. It shall have the authority to send for persons and papers and to administer oaths and affirmations. All necessary expenses, including clerks, stenographers, messengers, rent for place of meeting, and printing and stationery, shall be paid from any money in the Treasury not otherwise appropriated; however, not to exceed twenty thousand dollars for expenditure under this section, to be paid upon vouchers to be approved by the chairman of the commission.

“SEC. 4. That any vacancies occurring in the commission, by reason of death, disability, or from any other cause, shall be filled by appointment by the officer and in the same manner as was the member whose retirement from the commission creates the vacancy.”

Now, gentlemen, I assume that little time need be wasted in a discussion of existing conditions, so far as the merchant marine of our country is concerned. It is a matter of universal knowledge and almost universal regret that our deep-sea shipping is practically driven from the ocean, more than 90 per cent of our foreign commerce being carried in foreign ships flying foreign flags. It seems to me that what we want more particularly to inquire into is the remedy for the existing deplorable state of affairs, and we will be fortunate indeed if the discussion, here and elsewhere, sheds such light on the subject as will enable this Commission to recommend to Congress legislation of a remedial character. It is the desire of the Commission that those of you who participate in the discussion will feel at liberty to present the subject each in his own way, it being understood in advance that the Commission is not here for the purpose of exploiting any particular theory or advancing the interests of any particular measure. We will be pleased to hear those who advocate direct subsidies, and equally those who believe that the adoption of a system of discriminating duties or postal subventions will solve the problem, or any other method that promises relief. We will also be glad to hear from the representatives of labor, the representatives of seamen, or other organizations, in the hope that they may be able to shed more or less light on this complex and troublesome question. With this understanding the Commission is ready to proceed with the hearing.

#### STATEMENT OF THOMAS CLYDE.

The CHAIRMAN. It has been suggested to the Commission that Mr. Thomas Clyde, of William P. Clyde & Co., of New York, large owners and managers of steamships in the coastwise service to the Carolinas and Florida, is present, and the Commission will be glad to hear from him.

Mr. CLYDE. Mr. Chairman and gentlemen of the commission, I thank you for the invitation in response to which I am here to address you.

I have devoted a good deal of time to a study of the American merchant-marine problem, and had come to feel that the greatest obstacle in the way of its solution was the difficulty of securing for it the undivided, unbiased, and patient consideration of a thoroughly competent and representative committee of Congress.

Although this question has frequently been before able and eminent

committees of Congress, it has heretofore always had to share the attention of such committees with other important questions, and in the hurry and rush of busy sessions has unavoidably failed to receive the time and attention to which it was entitled.

To this fact alone I attribute the slight progress yet made toward a full and general understanding and solution of this vitally important question.

The appointment of this commission to sit during the summer, and with no other official duty to perform except to solve the merchant-marine problem, guarantees its speedy and proper solution.

As I look about me to-day and realize that men whose names are synonymous with wise, effective, progressive statesmanship throughout our whole land, and whose every moment is of value to our country, have been detailed by Congress to this work, and have voluntarily sacrificed their personal convenience, and to an appreciable extent at least have staked their reputations on their ability to get at the truth in this matter, and to show the people in terms they can comprehend what is wrong with the American merchant marine, what is the best practicable remedy to apply, and what will be the cost of the remedy, I feel no doubt as to the results.

As a citizen, I honor and thank you for undertaking the hard and tiresome investigation upon which you are entering.

As one who has studied much, though he has accomplished little, along the same lines, I humbly offer you such aid as I may be able to give.

I have been called a "subsidy grabber" because my affiliations have been with those who believed in subsidies as the simplest, most effective, and in the end cheapest method of equalizing the difference between the actual cost of ocean carriage in American as compared with foreign vessels, but I appear before you to-day not as an advocate of any favorite remedy for the disease from which our merchant marine is admitted to be suffering, but simply as a seeker for light, who desires to help to analyze the problem, and who is prepared to encounter facts as yet unknown, or at least only partly understood, and who reserves his opinion as to any remedy until all facts and all possible remedies have been fully considered.

#### FACTORS IN MARINE COMPETITION.

I appreciate the force of your suggestion, Mr. Chairman, that we get to business, and I will ask the members of the commission if they will kindly hold in their hands a copy of a chart which I have prepared and which has been of a good deal of assistance to me in holding my own attention down to the elementary facts of this problem. I desire to say that of all the questions I have ever attempted to analyze and to get down to the bottom of, there are more blind alleys about this one than any other I have ever struck.

The chart referred to is as follows:

*Pro forma chart, designed to show comparative natural and artificial efficiency of maritime nations as regards elements of cost of carrying competitive cargoes in ships of said nations.*

	Great Britain.	Germany.	Norway.	France.	Italy.	Austria.	Russia.	Spain.	Japan.	Holland.	Denmark.	United States.
Cost of construction.....												
Cost of operation.....												
Cost of maintenance.....												
Cost of capital (prevailing rate of interest).....												
Total of natural efficiency.....												
Artificial aids.....												
Total natural and artificial efficiency combined.....												

NOTE.—There being four elements of cost to be dealt with in determining the relative natural efficiency, take 25 as the perfect figure as to each element, fill all blank spaces accordingly, and the totals will give the comparative percentages of natural efficiency of each nation. Add to each total the comparative percentage of artificial aid given, and we will have the actual relative percentages of efficiency as they exist to-day.

Representative McDERMOTT (examining chart). I do not see any figures here. What is the scheme?

Mr. CLYDE. There are no figures. If I could fill out the chart the appointment of this Commission would hardly have been necessary, but I think I can explain to you that those blanks are very expressive.

If you will kindly read the writing on this chart I think I can show what I have in mind. You will see that it is headed:

“Pro forma chart, designed to show comparative natural and artificial efficiency of maritime nations as regards elements of cost of carrying competitive cargoes in ships of said nations.”

Across the top of the columns you will find the names of the principal maritime nations—Great Britain, Germany, Norway, France, Italy, Austria, Spain, Japan, Holland, Denmark, the United States being in the last column. Down the left-hand side of the chart you will find the four principal elements of the actual cost of ocean transportation under natural conditions: that is, where no nation makes any effort, by subsidy or otherwise, to change the condition in which she finds herself, under which natural conditions the four elements of cost are: First, the cost of construction of the ship; second, the cost of operation of the ship; third, the cost of the maintenance of the ship; and fourth, the cost of capital; that is, the prevailing rate of interest in the country at which money can be borrowed for these purposes.

The reason why it is necessary to analyze the situation in this way is that, strangely enough, you will find as you go into this question there is no nation which, under natural conditions, excels in efficiency in all of those four elementary respects. You will find that some excel in one, some excel in two or three, and the United States is at the foot of the class in all.

If we could fill out those blanks as to the four elements under natural conditions and foot up each column, we would have a perfect picture of the relative position of each maritime nation to-day as regards competitive ocean commerce under natural conditions and without reference to artificial aids. And in the long run the nation possessing the highest percentage of efficiency would undoubtedly get the largest share of the business.

But the maritime nations have not been content to rest in a state of nature. They have, more or less, all adopted artificial aids. Therefore it is necessary, after we have filled out as best we can the spaces down to the point where it says “Total of natural efficiency,” to add another line across the chart and fill in the relative efficiency of the artificial aids which have been adopted. If we succeed in doing that, and add the artificial aids to the totals of the columns just above, we will get the actual condition of the competing maritime nations of the world to-day.

I have suggested in a note at the foot of the chart:

NOTE.—There being four elements of cost to be dealt with in determining the relative natural efficiency, take 25 as the perfect figure as to each element, fill all blank spaces accordingly, and the totals will give the comparative percentages of natural efficiency of each nation. Add to each total the comparative percentage of artificial aid given and we will have the actual relative percentages of efficiency as they exist to-day.

Representative McDERMOTT. At this point let me ask you a question. After you have found the natural efficiency, then you add a comparative percentage of artificial aid?

Mr. CLYDE. Yes, sir.

Representative McDERMOTT. It is not a comparative percentage of artificial efficiency. You, therefore, assume in your figures that a similar amount of artificial aid, illustrated by dollars and cents in the form of a subsidy, for instance, will add an equal amount of efficiency in each country?

Mr. CLYDE. No, sir; I do not assume that. That is the reason why I use the term "artificial aid." Aid may not be efficient, and you will find that in some nations it has not been efficient; and after you gentlemen have determined to your own satisfaction, first, the disadvantages under which the United States labors or would labor under natural conditions, and, second, the disadvantages under which it labors by reason of the added artificial methods that different nations have adopted, you still will have to take into consideration the element of efficiency as to any aid that you may see fit to adopt. And where a nation has added an artificial aid which has not proved efficient, you will have a much lower percentage to add to your natural percentage than you will where the artificial aid adopted by the nation has proved efficient. Those are all matters that have to be taken into consideration.

My purpose in putting this chart before you is simply to give you the benefit, if it is of any use to you, of a method that I have been forced to devise to concentrate the picture you have to look at. Unless you can concentrate this picture and get down to something that you can put onto a piece of paper and figure with, even after we get all through we will be more or less shooting in the dark as to the result we are going to accomplish, because if you are going to build a bridge over a chasm, the first thing to do is to find the width of the chasm; and I have never yet met the man who to-day really does know the width of the chasm we have to bridge. The more I have looked at the chasm and the more I have tried to measure it up the more convinced I have become that the advocates of subsidy legislation who have been appearing in Washington for the last few years have needlessly disturbed themselves about the desirability of making the case appear as bad for the United States as they could.

I think the tendency has been to go a little too far in that way. I think it behooves us all to be just as hopeful and cheerful about the condition of the United States as we can be, because the thing I fear most is that a true picture of the status of the United States to-day with reference to all the other maritime nations that have such a large start on us, not only in natural advantages but in artificial advantages, will be too discouraging.

#### COST OF CONSTRUCTION.

Now, take the first column, to illustrate a little further what I mean. Take Great Britain. It is comparatively easy to fill out Great Britain's column. Nobody will question that if the perfect figure is 25, opposite "Cost of construction" you will have to fill in for Great Britain 25. Great Britain's ability in ship construction has never yet been seriously assailed.

In cost of operation Great Britain is not near the perfect figure. Strangely enough, there are several nations that are more efficient than Great Britain in cheapness of cost of operation, Norway preeminently so, Germany somewhat so, and, in fact, nearly all the other

nations surpass Great Britain in efficiency as regards cheapness of cost of operation. I should say offhand—you gentlemen will form your own conclusions—that 18 or perhaps 15 would be as high as we should rank Great Britain in cost of operation.

Representative MINOR. Fifteen?

Mr. CLYDE. Fifteen, I should say. It all depends upon how you measure up the others. But for the purpose of illustrating my point, say 15.

#### COST OF MAINTENANCE.

Now we come to cost of maintenance. I have put maintenance in a separate class for the reason that a good many nations have not been builders of ships in time past. Shipbuilding has not been an important industry with them. Take Norway until recently and Germany for a time: they went and bought ships where they could buy them cheapest and brought them home and put their cheap crews on them. Norway was induced to do that because she had a superabundant population, naturally seafarers. They had great difficulty in living at home, and they were willing to go to sea and could afford to go to sea for less money than any other men in the world. They naturally took to the sea and very successfully. Norway did not care very much about shipbuilding. She had not the capital; she had not the material; she had not much of anything except sailors.

Norway went to England and bought cheap, discarded tramps, and brought them to Norway and put cheap Norwegian crews on them, and went back to England, and has been very successful in taking away a large part of the cheaper class of England's foreign trade. The maintenance of those ships was quite different in Norway from what it was in England; and although it is not absolutely essential that ships should be overhauled and maintained in the ports where they are owned, as a matter of fact they are. What is the reason for that? I am very largely interested in dry docks and repair shops here, and I have some hesitation in stating the reason which is generally given. The reason generally given is that unless the owner himself can see the work done he is robbed to such an extent that it does not make any difference what the cost of the work is; he does not get a fair deal. As a matter of fact, he usually prefers to have his ships overhauled where he lives, even though it may be found that the work done costs him more money.

Therefore it is necessary to consider cost of maintenance separately from cost of construction and cost of operation. Besides, it is a large item. Take our own case. On a ship in our line, which we value on our books at \$450,000, we charge off annually \$12,500 for extraordinary repairs and the annual overhaul. That is quite aside from what we term the voyage repairs, which are done in the twenty-four or forty-eight hours while the vessel is tied up at the dock—cleaning boilers, etc. Taking one year with another, and taking a vessel which we value on our books at \$450,000, it costs us from \$12,000 to \$15,000 annually for extraordinary repairs and overhauling, which again is quite distinct from depreciation.

Now, in cost of maintenance, Great Britain is 25 again, because she maintains her vessels at home.

## COST OF CAPITAL.

Cost of capital is 25 for Great Britain. There is no country in the world where you can borrow money to build or operate ships more cheaply than you can in Great Britain. The people are used to the business. They are accustomed to the security, and plenty of money is available. So you see as to Great Britain the total natural efficiency figured in that way would be 90.

## THE FIGURES FOR GERMANY.

When you come to Germany, the cost of construction is so largely affected to-day by artificial aids that I do not myself know where Germany would rank under natural conditions, but I assume that under natural conditions Germany would not be scored above 20 for construction.

In cost of operation Germany is pretty good. She is not perfect, but I should say the figure was 22.

Representative McDERMOTT. You placed Great Britain under natural conditions?

Mr. CLYDE. Yes, sir.

Representative McDERMOTT. Why do you not place Germany under natural conditions?

Mr. CLYDE. I do, sir.

Representative McDERMOTT. Then why should the percentage be different in either case?

Mr. CLYDE. Because it costs more to build ships in Germany under natural conditions than it does to build them in Great Britain.

Representative McDERMOTT. Then why can not the people of Germany remove that difference by buying in Great Britain?

Mr. CLYDE. They did for many years until the German Emperor found that he was going to be dependent on England for the carriage of his commerce and for the defense of his coasts, and he declined to permit them to do so further, and offered subsidies.

Representative McDERMOTT. Then the difference is a self-inflicted one?

Mr. CLYDE. Yes; but the difference in cost to the Germans is made good by the Government.

Representative McDERMOTT. There is no reason why Germany can not buy ships from Great Britain?

Mr. CLYDE. None whatever; and the English would be only too delighted to build them for her, and to an extent they do build some still.

Representative McDERMOTT. That is true entirely through your schedule—

Mr. CLYDE. Yes, sir.

Representative McDERMOTT. That unless there is a self-inflicted difference in the cost of construction, all are on an equality with Great Britain?

Mr. CLYDE. I do not quite follow that proposition.

Representative McDERMOTT. Let me restate it.

As to each one of the nations you have mentioned in your first schedule, with respect to cost of construction, unless there is a self-inflicted difference, all are on an equality with Great Britain?

Mr. CLYDE. They do not get the ships.

Representative McDERMOTT. They can get them from Great Britain.

Mr. CLYDE. Oh, yes; they can go and buy them in the cheapest market.

Representative McDERMOTT. If there is a difference in that factor, it is a self-inflicted one?

Mr. CLYDE. Quite right.

Representative McDERMOTT. I am not talking about the merits of the proposition.

Mr. CLYDE. The British market is not closed to anybody. Anybody can go there and buy ships just as cheaply as Englishmen can.

Representative McDERMOTT. That applies to each nation?

Mr. CLYDE. You are quite right. They can all buy practically as cheaply in the British markets as Englishmen can, and for many years many of them did pursue that policy.

The CHAIRMAN. And by so doing close their own shipyards?

Mr. CLYDE. They had no shipyards, and it was in order that they might have shipyards that they adopted the policy they did adopt.

The CHAIRMAN. If they had shipyards, it would close them?

Mr. CLYDE. At once.

Representative McDERMOTT. You say it would close the shipyards of other nations?

Mr. CLYDE. It would do so.

Representative McDERMOTT. As we do not purchase in Great Britain, that has not been a factor in closing the shipyards in this country?

Mr. CLYDE. No, sir.

Germany is more efficient in cost of maintenance than she is in building, just as we are. It is very much easier to organize a good repair shop than it is a shipbuilding plant. I should say it is 22 again in cost of maintenance.

As to cost of capital I am not really familiar with the banking affairs of Germany, but I do not assume that there is much difference between the cost of capital in Germany and in Great Britain. I should say 25.

I do not want to take up all of the time which you gentlemen can afford to give me in trying to fill out this chart which, after I got it filled out, would show only my personal views. As I said before, I simply put it before you in the hope that it may be helpful and suggestive. It has, however, enabled me to express more briefly than I could in any other way the chief difficulty we have to contend with in finding a solution of the American merchant-marine problem.

Senator MARTIN. I suggest that it would be desirable if Mr. Clyde would, at his leisure, give us his own estimate, by filling out the different columns for each country, and furnish it to the committee.

Mr. CLYDE. I will be very glad to do so, Senator, although you will understand that I do not profess to be competent to do it. However, I have my ideas.

Senator MARTIN. I understand that nobody is competent to do it with mathematical accuracy, but as you have suggested this line of consideration I should like to have your figures.

Mr. CLYDE. I shall be glad to give you the impressions I have derived from what I have heard and what I have read about it, but I beg that you will not take it as anything in the world except a suggestion, because one of the main things that I look for this Commission to accomplish is to give to the citizens of this country such a chart as this, filled out in such a way that they will believe it is true.



They will not believe in a chart which a shipbuilder or a shipowner gives them, because they know we are prejudiced. Of course we are prejudiced; we can not help it. But if this Commission, in examining me and others whom you will meet as you go about the country, will keep some such chart as this before you and fill in the blanks as you can, wherever you get information, you will eventually, before you get through, get something that will be vastly superior to anything that I or any other individual could give you, and I believe it would be accepted by the country as standard; and I believe that whatever may be done in regard to the American merchant marine will start on that basis, and we must have a basis to start on.

Senator MARTIN. I do not know that it is possible to consider the problem satisfactorily on this basis, but certainly if we are to attempt it we can not do it until the columns are filled up.

Mr. CLYDE. I will do the best I can, and send the chart to the Secretary.

Senator MARTIN. I realize that it is little more than a guess in most instances, but still as you have suggested this as a basis for thought, we can not think of it until we have the figures, and we should be glad to have your figures; at least I would.

Mr. CLYDE. I appreciate the compliment.

Representative McDERMOTT. Where you give statistical information, will you cite the sources of your authority? In other cases we will take it to be your best guess:

Mr. CLYDE. All right, sir.

Representative McDERMOTT. That is practically what it will be.

Mr. CLYDE. I will do so.

(See letter and chart at the end of Mr. Clyde's oral statement.)

Mr. CLYDE. Now, to get back to something that was suggested to me by your last remark, Mr. McDermott, I wish to admit everything in this case that is true, or for which there is a reasonable basis of assumption. It does not matter to me a particle what the decision of this Commission is as to the remedy. I feel satisfied that this matter is going to be closed up one way or the other when this Commission gets through. I want to see it closed up so that it will stay closed, and therefore I think all of the gentlemen who appear before you ought to start in determined to admit everything there is to be admitted, and let the shipbuilding industry stand on its bottom, and let the ship-owning industry stand on its bottom, and let the people who want mail contracts stand on their bottoms. They are not necessarily associated with each other.

#### MORE HERE THAN ABROAD.

I assume the facts that it costs materially more to build ships suitable for foreign commerce in this country than abroad, and that after they are built it costs materially more to operate them under the flag of the United States than under foreign flags, and that these differences in cost are chiefly due to the higher wages paid to American labor than to foreign labor will no longer be seriously questioned.

Let us, for the moment, consider more particularly, however, the difficulty we find in building ships for foreign markets regardless of whether, when so built, they may be operated under the American flag or under foreign flags. To the shipbuilder the question of the flag the ship is to carry is one of, at most, sentimental importance. All he really cares about is to be enabled to build and sell ships at a profit.

It is not fair to say, as some professed and doubtless sincere friends of American shipping have said, that Congress has neglected the American shipbuilder and American shipowner. Congress has not neglected them. The shipbuilders of this country have received more aid, under our protective system, than perhaps any other manufacturers. The home market is set aside for them exclusively and no foreign ships are permitted to be sold in it. Our builders of rails, bridges, locomotives, and many other commodities are not so highly protected, while, on the other hand, they have to pay practically the same prices as the shipbuilder for labor and material, and yet they are able, under our protective system, to produce in such volume and so cheaply that they can afford to dispose of their surplus product abroad in open competition with the rest of the world and make a satisfactory average profit on their entire output.

Why, then, has the shipbuilder, who apparently enjoys even greater advantages in the home market, so signally failed to sell even a small part of his surplus abroad? Can it be that the shipbuilder is asking for a larger profit than the manufacturer of rails, bridges, etc.?

It would seem not, for with one notably unsuccessful exception the shipyards of this country are still capitalized at about cost and owned by their organizers. There has been no inflation, and yet, notwithstanding this fact, the capital invested in shipbuilding has yielded a smaller average return than that invested in almost any other protected industry, and to-day the greater part of the shipyards of this country are in serious financial straits.

#### THE NEED OF STANDARDIZING.

It is not, therefore, unwillingness to work for a moderate profit that has kept our shipbuilders from selling ships abroad.

In my opinion, the reason shipbuilding has failed to profit by the protection given it, as many of our other manufacturing industries have, is that the latter have been able to standardize their products and so effect economies which to the shipbuilder have so far been impossible.

The products which our other manufacturers sell abroad are practically identical with those they sell at home. These products are made by the same artisans and machinery and from the same material, patterns, and molds, and in many cases can be sold from the same catalogues.

It is unnecessary to dwell on the important bearing of these facts upon the sale of surplus products of our factories and mills in foreign markets.

In the shipbuilding industry the conditions are quite different.

The type of ship required for foreign trade in general is so different from the type required for our short-voyage, shoal-water, inland, and coastwise trade that it is only since our coastwise laws have been extended to our island possessions that the home market has even to a slight degree resembled the foreign market in its requirements.

The result has been that instead of being able to sell abroad ships of our own types, made by the same men and machinery and from the same material, patterns, and molds as our own ships, we have had to accept foreign designs and spasmodically try to adapt our facilities and methods to their production.

These are the reasons why our shipbuilders have failed to standardize their product in this regard and so employ their surplus productive power in producing cheaply ships that could be sold outside the home market.

Representative McDERMOTT. Your failure to standardize in your shipbuilding, you say, is one of the reasons why you can not produce cheaply enough to sell abroad. Is it a fact then that in shipbuilding in this country, because of the failure of agreement among the owners of shipyards, ships can not be produced cheaply enough to sell them abroad at a profit?

Mr. CLYDE. I said nothing about the failure of agreement.

Representative McDERMOTT. You standardize if you come to an agreement.

Mr. CLYDE. You can not standardize unless you have somebody to buy standard articles. You can not manufacture an article and put it away and leave it there. You must have a market for it. We have no market at home for the kind of ships that the foreign markets desire, consequently we do not build them. We have no way of learning to build them. We have no way of teaching our men to build them or of adapting our facilities to building them cheaply.

Senator LODGE. I do not understand that standardizing has anything to do with an agreement among the manufacturers.

Mr. CLYDE. I never heard of it.

Senator LODGE. One firm can standardize?

Mr. CLYDE. Certainly. In fact, that is the way it works. Firms and shipyards all differ in regard to the efficiency of their plants and the cheapness with which they can turn out a standard article. It is not an agreement at all. It is a question of opportunity to practice; that is all. If a lawyer never got a case he would not become much of a lawyer. The more cases he gets the better lawyer he becomes, the more law he learns, and the better he can talk it.

Representative McDERMOTT. What you mean is that it costs more to build a ship here than it does in foreign countries, and, therefore, you can not get that market.

Mr. CLYDE. We can not get that market. I am simply suggesting how our manufacturers of steel rails and locomotives and hundreds of other things, who at the beginning were confronted with the same conditions, have overcome those conditions by standardization, and they were only able to effect standardization because they could sell in foreign markets the same thing that they manufactured in large quantities for the home market right out of the same catalogue and with the same salesmen.

#### STANDARDIZING MEANS CHEAPNESS.

Senator MALLORY. If this standardization were possible under conditions as they may grow up in a few years, do you think it would cause such a change in the price of our ship product that we could compete with foreign nations? In other words, would the standardization do away with the fact that our vessels cost more to build here than in foreign countries?

Mr. CLYDE. I have very great hope of it. Of course you will appreciate at once that when you come to standardize an article, where each individual type to be standardized costs from \$200,000 to

\$2,000,000, it is a very different problem from standardizing something which per unit cost \$10. And I do not expect that the shipbuilders of the United States, even if by some artificial aid they are given a chance to try to adapt their facilities and methods and to educate their men to the production of goods for the foreign markets, will bridge the gap as quickly as our manufacturers of steel rails did or as our manufacturers of locomotives did it, because the units that you have to deal with are very much larger in the one case than in the other, and it will require more time. But the same principle applies, and I do not see any reason why in the end the same result should not follow.

Senator LODGE. As I understand your proposition, it is that standardization is a great element of economy.

Mr. CLYDE. It is the fundamental element.

Senator LODGE. At all events, it is very important.

Mr. CLYDE. Where wages are practically fixed it is fundamental.

Senator LODGE. And we have not been able to standardize in the construction of vessels because the home market has required a vessel which is not the standard of the foreign market?

Mr. CLYDE. That is precisely it.

Senator MARTIN. Accepting that theory, I understand you can build a battle ship of the American type for Russia as cheaply as the British can, because that is standardized here in American yards?

Mr. CLYDE. I am very glad you brought that out, because the business which the United States Government has given the shipyards of the United States has enabled them already to build and sell abroad a few battle ships, and they could never have done that if they had not been building a large number of practically the same type of battle ships for the United States Government year after year. They learned the trick.

Senator MARTIN. As a matter of fact, having learned it, are they able to furnish those ships as cheaply as England can?

Mr. CLYDE. I would rather some shipbuilder would tell you about that. My personal impression is that they have not come out as well on the ships built for abroad, except where they got unusual prices, as they have on the ships built for home use. I do not think that in the battle ships which we have built for foreign nations we have been subjected to as strict competition as we might have been subjected to.

Senator MARTIN. Still, if your theory is correct, we must be able to compete with foreign makers in the building of our standard battle ships.

Mr. CLYDE. If we are not now we soon will be. We are undoubtedly getting there rapidly.

Representative MINOR. Is it not a fact that with respect to the ordinary British tramps—that is, the freight steamers—there is a great similarity between them?

Mr. CLYDE. Yes, sir.

Representative MINOR. Take the one or two or three thousand ton ships, and they do not differ very materially?

Mr. CLYDE. No, sir.

Representative MINOR. Is it not a fact that they can construct almost any number of those ships from the same patterns and the same molds without any change at all?

Mr. CLYDE. Yes, sir.

Representative MINOR. Now, how many ships do you know of in this country which have been built on the same patterns?

Mr. CLYDE. I personally have known of but two of a type being built at one time. The American market requires a much more highly finished article. It is just like a gold repeater and a Waterbury watch. We have to operate our ships in competition with our railroads, and we have to carry passengers by water in competition with Pullman cars, and hence we must have a type of ship for the home market that the foreigner, for the ordinary freight business, could not afford to look at or touch. We have no use for the ordinary cargo type of ship.

Representative MINOR. Is it not a fact that on the Clyde they build ahead of immediate demands?

Mr. CLYDE. For speculation.

Representative MINOR. For speculation?

Mr. CLYDE. Frequently.

Representative MINOR. Prospective tonnage?

Mr. CLYDE. Frequently.

Representative MINOR. You could not do that in America.

Mr. CLYDE. I think the shipyards are having a hard time to-day with the ones for which they have contracts.

Representative MINOR. Is it not very expensive to build models, etc.?

Mr. CLYDE. It is a very large expense. Any shipbuilder will give you a reduction if you will take three or four ships instead of one.

#### NOT ENOUGH SHIPS TO BUILD.

Representative McDERMOTT. Is the reason why you do not standardize because all of your production in this country is not uniform, or is it because all of your production in this country is not of sufficient amount to create a standard?

Mr. CLYDE. Oh, no.

Representative McDERMOTT. Which is it?

Mr. CLYDE. It is because all of our production in this country gives no assistance whatever in the direction of standardizing a type of ship which will sell in the foreign markets. We do not have any use for such ships.

Representative McDERMOTT. You can not sell in the foreign market?

Mr. CLYDE. Why not?

Representative McDERMOTT. I do not know. If you can, why do you not?

Mr. CLYDE. Senator Martin called attention to the fact that we sold some battle ships.

Representative McDERMOTT. That is a peculiarly constructed ship. You have an immediate demand for it, and you get it wherever you can.

Mr. CLYDE. These ships took two or three years to build. The demand was not very immediate.

Representative McDERMOTT. Then why do you not construct ships and sell them?

Mr. CLYDE. Because the Government has not given to shipyards the assistance toward standardization of merchant ships that it has in respect to battle ships.

Representative McDERMOTT. Do you mean financial assistance? It has not been a custom.

Mr. CLYDE. It has not been a custom. If they are able to build ships, that is all the shipbuilder wants.

Representative McDERMOTT. With natural conditions here and on the Clyde as we find them to exist, the reason why you have not standardized, as they have standardized there, is, you say, because there has not been a market for your ships?

Mr. CLYDE. That is right.

Representative McDERMOTT. Now, if all of the shipyards in this country built according to a common plan, and built such boats as are referred to by Mr. Minor, would you then have a market?

Mr. CLYDE. You would have a market at a loss, probably, to begin with, of 25 to 30 per cent.

Representative McDERMOTT. Does that apply to the entire shipbuilding proposition in this country?

Mr. CLYDE. Yes, sir.

Representative McDERMOTT. You have not a market because the vessels can be built cheaper in England?

Mr. CLYDE. Yes, sir.

Representative McDERMOTT. That is the whole of it, is it not?

Mr. CLYDE. Yes, sir.

Senator MALLORY. Before you leave this subject, I should like to inquire if the Clyde Steamship Company has any purely freight vessels?

Mr. CLYDE. One.

Senator MALLORY. Where does it ply?

Mr. CLYDE. Between Boston and Charleston and Jacksonville.

#### WHY THE SHIPYARDS ARE IDLE.

Senator MALLORY. All the rest are——

Mr. CLYDE. All the rest are passenger and freight vessels combined.

The conditions I have stated constitute also some of the reasons why our shipyards are financially embarrassed. They have been designed on a scale to supply all the demands of the home market at its best, and when bad times come and the home market becomes narrow and uncertain, there is no profitable outlet for the productive power thus left idle.

It is possible that the extension of our coastwise laws to the Philippines and the use of American vessels to carry supplies for our Navy and Army may so broaden our home market as to maintain the shipyards already in existence in fairly prosperous condition, but I see no good reason to hope that even this increase in demand for ships of a type suitable for foreign commerce will enable our shipbuilders to so standardize their work as to sell ships in open competition abroad without additional Government aid.

In a word, it is my opinion that if the people of this country want to develop the shipbuilding industry beyond what our home market will sustain, Congress will, for a time at least, have to either pay the shipbuilder enough to enable him to sell at less than cost, or else it will have to pay shipowners enough to enable them to pay more than they would have to pay abroad for a similar type of ship.

This may be a blunt way of putting the case, but why dodge the issue?

## A CONSTRUCTION BOUNTY.

It is simply a question of whether the advantages to this country of having a thriving, growing shipbuilding industry, capable of producing ships suitable for every trade, are worth a construction bounty in some form—I do not say a direct bounty—equivalent to the difference between the price at which our shipbuilders can now put ships of the required types on the foreign market and the price at which they must do so to effect sales.

How long this construction bounty would have to be continued no man can say, but no contract feature would be required, and hence Congress could stop or reduce it at any time.

Of course, the construction bounty should only be paid for ships built for foreign trade, and such ships should never be permitted to engage in coastwise trade, because that trade is already amply protected and needs no construction bounty.

Now, let us assume that Congress provides an adequate construction bounty and that our shipbuilders are able to offer ships for use in foreign trade as cheaply as any other shipbuilders—the Government, as Mr. McDermott points out, making up the difference—will such ships be used under the American flag?

## AN OPERATING BOUNTY.

Undoubtedly they will not, so long as crews serving under the American flag can get higher wages than crews serving under other flags, unless Congress pays the operator of the ships the difference in order to enable him to pay without loss to himself the higher wages required by the American flag.

There is this difference, however, between the difficulty of building ships for foreign trade in this country and the difficulty of operating them in foreign trade when built: As regards the building, Congress must make good the extra cost involved or nothing can be done. As regards the operation of the ships, once they are built, however, if Congress does not see fit to pay the difference in cost of operation under the American flag, as compared with foreign flags, the owner may transfer the ships to a foreign flag and operate them under such flag and still retain the right at any time, if an inducement should be offered, to put them back under the American flag. Our laws already permit of this.

## WAGES AND FLAGS.

One of the strangest and most interesting features of this side of the question is that a very large part of the crew would probably be the same men in both cases, the only difference being that when the American flag was hoisted they would get a higher scale of wages and when a foreign flag was hoisted they would get a lower scale of wages.

It has been demonstrated that if an American vessel and an English vessel of precisely the same size and general character are put on the same route side by side and the same work is required of the crews of both vessels, it is possible to secure a competent crew for the English vessel for much lower wages than are required to secure a competent crew for the American vessel.

Furthermore, it has been demonstrated that the same men will ship now on the English vessel and again on the American vessel, but that they will never accept from the American vessel as low a wage as they will accept without protest or question from the English vessel for doing precisely the same quantity and quality of work.

#### PREFERENCE FOR FOREIGN SHIPS?

Representative McDERMOTT. Have you found the difference to go a little further than that—that they prefer shipping on the English ship, although receiving less wages than on American vessels for foreign ports?

Mr. CLYDE. On the contrary, I have always found that they preferred the American vessel every time they could get one.

Representative McDERMOTT. The directly opposite statement has been made before the Committee on Merchant Marine very often. It has been said that in the case of two ships, each signing a crew in a foreign port, the preference is given to the foreign ship—the ship of another nation than that of the ship flying the American flag. That has been said to be true in the port of New York. How have you found it here?

Mr. CLYDE. It is not true in the port of New York.

Representative McDERMOTT. The record will show that the statement has been made to us in Washington.

Representative GROSVENOR. You are quite right about that. In this connection what do you say as to the conditions of employment—maintenance, food, quarters, etc.?

Mr. CLYDE. I am coming to that, and if I do not cover it I wish you would ask me again and I will try to.

This is the most interesting point about this whole question, and I hope the Commission will not take what I say as the gospel, but will think about it themselves.

Representative McDERMOTT. It is a very interesting complication, and General Grosvenor's recollection of the testimony before the Merchant Marine Committee is the same as mine.

Representative GROSVENOR. It is, undoubtedly.

Representative McDERMOTT. I cross-examined witnesses on that subject. But that is not your experience?

Mr. CLYDE. No, sir; quite the contrary.

Representative McDERMOTT. It seemed unnatural.

#### STILL FURTHER COMPLICATED.

Mr. CLYDE. The difficulty of comprehending these undeniable though extraordinary facts is increased when it is also shown, as it can be, that the crews' quarters and food are better on the American vessel than on the English vessel.

The problem is still further complicated when it is shown, as it can be, that if a third vessel of the same size and general character, but under the Norwegian flag, is put on the same route side by side with the American and English vessels already referred to, the Norwegian vessel can get a competent crew for almost as much less than the English vessel as the difference between the cost of a crew to the English as compared with the American vessel.



In other words, we have presented to us three different scales of wages for the same work, depending solely, apparently, upon the flag under which the work is to be done.

There is no law, so far as I am aware, to compel the payment or acceptance of these different scales of wages, which apparently must be paid and are accepted under different flags. On the contrary, the steadily maintained differences between such scales of wages seem to utterly defy the great law of supply and demand.

In any important seaport the demand for crews for English vessels far exceeds the demand for crews for American vessels, and yet English vessels can get and do get the same men for less money than the American vessels.

#### DEFYING SUPPLY AND DEMAND.

Moreover, the relative demand for men for vessels of different nationalities varies at almost every port, but the scales of wages at which men will ship under different flags bear practically the same relation to each other at all ports. Supply and demand, therefore, appear to have no influence on the scales of wages paid on vessels of different nations with reference to each other.

In explanation of this strange condition, which is not peculiar to any particular time or place, but seems to have been general throughout the world wherever vessels of different nations meet, I offer the following suggestions:

It has been pretty fully recognized in international law and otherwise that a vessel, wherever she may be, is a part of the country to which she belongs, and that the same customs should prevail on her as prevail in the country to which she belongs.

Futhermore, in the earlier days of international commerce, vessels were very closely identified with the localities where they were owned. Often the entire crew would come from the immediate neighborhood from which the vessel hailed, and the same crew would remain with the vessel for long periods of time. Naturally, under such conditions, crews were paid the rates of wages prevailing and considered just at the places where the vessels were owned and from which they set out on their often long and adventurous voyages.

These conditions, it will be seen, tended to very firmly establish a different scale of wages for the vessels of each nation engaging in international commerce. The American vessel paid a scale of wages corresponding with other wages and conditions of life in America. The English vessel paid a scale of wages corresponding with other wages and conditions of life in England, and so with the vessels of other nationalities.

So long as all the crews of American vessels were Americans and all the crews of English vessels were English, and so on through the list of maritime nations, there was nothing strange about such an arrangement; but gradually, and more particularly after the introduction of steam navigation, there were apparently no longer enough men of each nationality willing to go to sea to man all the vessels of their own nation as required. Then grew up a sort of polyglot class of men of no particular nationality, who drifted about the world filling, as required, vacancies created in the crews of vessels of any and all nationalities. The number of these polyglot sailors, firemen, etc., has steadily increased, and to-day when a shipmaster ships a crew at any

port he pays no more attention to their nationality than he does to the color of their eyes.

Of course, a proportion of the crew of each vessel is generally still of the same nationality as the vessel, and this small proportion of men of the country to which the vessel belongs perhaps to some extent sets the standard of wages paid on the vessel. This element in itself would not, however, be strong enough to set at defiance the laws of supply and demand.

#### A CASE IN POINT.

I once had a Norwegian vessel under charter, running on the same line with an American vessel. These two vessels sailed from the same ports to the same ports and performed precisely the same service. I ascertained that the crew of the Norwegian vessel was receiving only about half the wages the crew of the American vessel was receiving, and determined to try to ship a crew for the American vessel at the Norwegian scale of wages, or at least to effect a compromise between the two scales. The supply of men was apparently abundant and they seemed anxious for work. As a rule; however, they positively and unhesitatingly declined to ship on the American vessel for less than the American scale of wages.

I reasoned with them and pointed to the superior accommodations and food furnished on the American vessel, and one or two of the men wavered and seemed inclined to compromise, but they were speedily intimidated by the others who refused to yield, and about that stage of the proceedings the influence of the labor unions began to show itself and it was made clear to me as well as to the waverers that life would be very unpleasant for those who persisted in breaking the unwritten law that American vessels must pay a scale of wages in keeping with the wages and conditions of life prevailing in America. It was also made clear to me that public sympathy was with the men on this point, and therein seems to lie the explanation of the situation.

Public opinion will apparently sustain the crews of ships in demanding a scale of wages in keeping with the wages paid generally throughout the country to which a ship belongs, but will not sustain them in demanding more than this.

Therefore I do not see very much hope of reducing the difference in the cost of operation that now exists between ships under the American flag and ships under foreign flags. I think that that is a condition which will practically be continuous. It is possible that if we had a large merchant marine engaged in the foreign trade we could gradually devise ways and means of doing with fewer men, paying those we use higher wages. We would have to do that, and we might in that way do something toward bridging the gap. But the difference in the cost of construction, I am very hopeful, may be bridged. As to the difference in the cost of operation I am decidedly skeptical.

The CHAIRMAN. Have you been able, in our coastwise trade, to accomplish any economies in that direction?

#### NOTHING BUT FERRYBOATS.

Mr. CLYDE. No, sir; but as I indicated a while ago, that does not furnish any guide, because we have nothing in the world but ferryboats. We are in competition with railroads all the way, and we have

to give a class of service which is not required in transoceanic voyages, except in the highest class of passenger ships. Yes; to this extent I will recall that. I think the people who are towing barges up and down the coast, and who have gone into that kind of transportation, have instituted economies, but the ships that I am familiar with and am interested in have not.

Representative MINOR. Do you not give the ships better dispatch by reason of improved methods of loading and unloading?

Mr. CLYDE. Yes, sir; we beat the English on that.

Representative MINOR. A steamer never makes any money while she is at the dock. It is only while she is underway.

Mr. CLYDE. That is true. That is one reason why I said that if we could once get on even terms with them we could do the business a little better than they could. But I doubt if it would fully cover the difference in the cost of operation.

There is another feature of the case which should not be overlooked. In addition to the natural advantages which several foreign countries possess over us in varying degrees in the matters of construction and operation of ships, because of the lower scales of wages in force in said countries, some of them also pay to the higher grades of their ships liberal mail subsidies, under contracts which require the ships to be operated on specified routes and under special conditions.

If, therefore, it is deemed wise to have similar mail lines under the American flag, similar mail contracts must be made, in addition to the payment of sufficient construction and operating bounties, to equalize the natural advantages already referred to.

#### A SUMMING UP.

It follows, therefore, to state the case concisely, that—

First. If we desire to build ships for foreign trade we must have, in some form, a construction bounty.

Second. If, when built, we desire to have them operated under the American flag we must have, in some form, an operating bounty.

Third. If we also desire to compete with foreign subsidized mail lines we must have, in addition to the two bounties already named, mail contracts, or their equivalent.

Of course, two or all of the bounties or subsidies mentioned may be combined in one subsidy, but I think it will simplify the problem always to bear in mind that it involves three separate and distinct features as indicated, and that while probably not desirable it is possible to disregard any of these features and deal with one or two alone.

#### MAIL AND OTHER SUBSIDIES.

Representative McDERMOTT. Allow me at this point. There are what are called mail subsidies given by other nations; that is, they pay for carrying the mail. They call it a mail subsidy. Sometimes it is rightly so called; sometimes wrongly.

Mr. CLYDE. That is what I allude to.

Representative McDERMOTT. Do you know of any case where there is a mail subsidy and also a subsidy for what may be called the merchant marine?

Mr. CLYDE. Great Britain divides up her aid under different heads.

She calls part of it mail subsidy and she calls part of it admiralty bounty, or something to that effect.

Representative McDERMOTT. The admiralty bounty of Great Britain is given, I understand, to those ships which have a certain number of students on board who are fitted for the admiralty service. They are practically maintained at school. That is my understanding of it.

Mr. CLYDE. That may be.

Representative McDERMOTT. Is there given by Great Britain anything that may be called strictly a merchant-marine subsidy?

Mr. CLYDE. I would call the new Cunard contract eminently so.

Representative McDERMOTT. That is a postal contract.

Mr. CLYDE. True.

Senator LODGE. It is more than that.

Mr. CLYDE. If you will give us the same kind of postal contract it is all we want.

Senator LODGE. In that case Great Britain lends the Cunard company the money to build the ships——

Mr. CLYDE. It practically builds the ships for them.

Senator LODGE. And it gives them a subsidy which enables them to pay the interest on the money borrowed.

Representative McDERMOTT. Do you recall what the commission in Great Britain reported?

Mr. CLYDE. My recollection is they reported unfavorably to that proposition.

Representative McDERMOTT. They reported very strongly against the word "subsidy."

Mr. CLYDE. I did not follow it very closely. Great Britain's position is very different from ours.

Representative McDERMOTT. Do you know of any other nation that does it?

Mr. CLYDE. That gives subsidies?

Representative McDERMOTT. Yes. What you would call a merchant-marine subsidy.

#### FRENCH AND GERMAN EXAMPLES.

Mr. CLYDE. France gives both construction bounties and subsidies based on miles covered.

Representative McDERMOTT. France does?

Mr. CLYDE. Yes.

Representative McDERMOTT. How about Germany?

Mr. CLYDE. Germany has a secret agreement, I believe, with the North German Lloyd company, the terms of which I hope this Commission will be able to get. I myself have never been able to get them.

Senator LODGE. One form of German aid is to make a large reduction, about 33 per cent, in freight over Government roads.

Mr. CLYDE. Yes, sir; the Government railroads in Germany, I understand, are made to serve the shipyards at a very much lower cost than they serve anybody else.

Representative McDERMOTT. That is carried further than Germany. It is illustrated in South Africa. As I understand it, there the Germans carry freight and passengers at a rate with which the English can not compete.

Mr. CLYDE. Yes, sir.

Representative McDERMOTT. There being a reduction of something like 40 per cent on freight.

Mr. CLYDE. Yes, sir.

Representative McDERMOTT. Have you made an examination of that question?

Mr. CLYDE. No, sir; none at all.

Of course, two or all of the bounties or subsidies mentioned may be combined in one subsidy, but I think it will simplify the problem always to bear in mind that it involves three separate and distinct features as indicated; that while probably not desirable, it is possible to disregard any of these features and deal with one or two alone.

#### "FREE AS TO SHIPS."

For example, if shipbuilding alone is considered, we can build ships for foreign trade if an adequate construction bounty is paid.

Or, if operating alone is considered and we are permitted to buy ships abroad exclusively for foreign trade, we can afford to do so and operate them under the American flag if we are given an adequate operating bounty, but not otherwise.

Representative McDERMOTT. What is the objection to that procedure?

Mr. CLYDE. Only that you would not increase the shipbuilding capacity of this country a particle beyond what the home market will sustain. It would remain right there.

Representative McDERMOTT. The repairing of the ships would increase it to some extent?

Mr. CLYDE. Repairs do not cut much figure in shipbuilding.

Representative McDERMOTT. Your proposition resolves itself into this, that because American capital can not build a ship in competition with English capital there shall be paid from the Treasury of the United States, directly or indirectly, a sufficient sum to the American owners to make up the difference between the cost of a ship abroad and the cost of a ship here. There is not any qualification of that proposition, is there?

Senator MARTIN. If a ship with an American register could be operated profitably, do you think the difference in the original cost of the ship at the English yard and at the American yard would be a material factor?

Mr. CLYDE. Yes, sir.

Senator MARTIN. You think it would be?

Mr. CLYDE. To start with, it certainly would be.

Senator MARTIN. I know it would be to some extent, but I mean in practical results. During the life time of the ship the cost would be distributed, and it has occurred to me that if you could operate the ship profitably after it was acquired, the difference in original cost would not be a material factor in determining the business.

#### A 25 PER CENT HANDICAP.

Mr. CLYDE. I think most of the information which you will find on record on this subject will lead you to believe that the original cost to-day would not be less than 25 per cent more in this country, and I think I am stating it very conservatively. Most people would say more, but I hope they are wrong. Assume that it is 25 per cent. On

a \$400,000 ship, at the first jump, you are handicapped to the extent of \$100,000 in cash capital invested. There is \$15,000 a year to be paid for interest, insurance, and deterioration, at 5 per cent per annum each, and we start in against a man who has the business. What chance have we got? What chance would you have? Pardon me, I will not be personal. What chance would any man have of tackling me on the coast to-day if he started in against me, ship for ship, with a disadvantage of \$15,000 a year? I think it would be fatal. I do not think he would get anybody to loan him any money to build the ship.

#### ARE BOUNTIES CONSTITUTIONAL?

Representative SPIGHT. Where do you think Congress gets the power to provide a bonus for the construction of ships?

Mr. CLYDE. You have me. I never thought of that. I thought the Congress could do pretty much as it pleased.

Representative SPIGHT. Congress can do such things as the Constitution authorizes it to do.

Mr. CLYDE. I must beg to be excused on that subject. I really do not know.

Representative SPIGHT. You have not studied that feature of it?

Mr. CLYDE. No, sir; I never thought of it before.

Representative SPIGHT. There must be some authority conferred by the Constitution before Congress can act.

Mr. CLYDE. I realize that, now that you speak of it. Perhaps the President might help us out.

Representative SPIGHT. As he has done in some other cases.

Mr. CLYDE. Or if mail routes alone are considered we can cover them with specially built American ships if adequate mail contracts are offered. As to the rates necessary for, and the best form of the bounties or mail contracts, they should be determined by the Merchant Marine Commission after examining all the evidence available.

#### HAVE ASKED TOO MUCH.

One of the great difficulties that this class of legislation has had to contend with heretofore has been that the shipowners and the shipbuilders have asked more than they required or expected to get, and the first thing to do was to cut off a slice from what they asked. I am in hopes that if this Commission presents a measure, that measure, so far as the schedule of rates is concerned, will be acted on as presented, and that we will avoid the great difficulty we have had to contend with heretofore—that there was always a change in rates.

I think in this way a much fairer result will be reached than by having the interested parties independently prepare schedules of rates and then have Congress arbitrarily cut them down without any real knowledge or study of the facts, but simply on the principle that men generally ask more than they require or really expect to get.

#### THE VITAL QUESTIONS.

If the Merchant Marine Commission shall determine and publish—

First. What is the difference in cost, per gross ton, of building an ordinary cargo ship suitable for foreign trade in this country as compared with Great Britain.

Second. What is the difference in the cost of operating such a ship on a voyage of a hundred miles, or any other unit of distance, in foreign trade under the American as compared with the English, German, and Norwegian flags, respectively. (I do not think we need consider the others at present.)

Third. What subsidies are paid by foreign governments for mail service, and what are the respective obligations imposed upon the receivers of such subsidies?

Much of the doubt and uncertainty which now exists regarding this subject will be removed from the public mind; and there will be little difficulty in preparing a shipping bill which will be safe from attack on the ground that it is inspired by or unduly favorable to any particular interest.

I have taken a great deal of time. Shall I go on?

The CHAIRMAN. How much more time will you require?

Mr. CLYDE. There are just one or two things to which I should like to call attention.

The CHAIRMAN. I think you would better make it as brief as you consistently can.

Mr. CLYDE. I will make it very brief.

#### THE DRAIN OF GOLD.

Representative McDERMOTT. I do not want to interrupt you unduly, but in shortening your remarks perhaps you may not refer to this point: Have you considered at all the question of the relation of foreign commerce, as it now exists as respects this country, to the exportation of gold? We pay in gold for all the goods carried between this country and every other country to-day. We are constantly exporting gold, more or less affecting fiscal conditions in this country temporarily—sympathetically, perhaps, to some extent; actually to a very considerable extent.

Now, have you considered at all the question as to how far that exportation of gold is affected by the fact that we pay the ocean rates each way on our imports and exports in gold?

Mr. CLYDE. I did not know it was paid in gold.

Representative McDERMOTT. It must be gold.

Mr. CLYDE. I had an impression that we were sending upward of \$100,000,000 a year out of the country to pay for the carriage of our goods upon the ocean.

Representative McDERMOTT. It is more than double that amount.

Mr. CLYDE. Is it indeed, sir? I had felt that you gentlemen must be governed very largely by that consideration in consenting for a moment, if you do consent, to recommend that Congress tax the people of the United States to make up the difference in the cost of transporting those goods in American vessels, in order that the money may be kept here.

Representative McDERMOTT. That is not the point.

Mr. CLYDE. That is the only viewpoint from which I have ever considered it. It is a little out of my line.

#### SHIP COST IN MANY LANDS.

I have been in hopes that this Commission would find it practicable to have prepared in a secret and confidential manner plans and specifications for a standard type of cargo steamship, and in the same secret

and confidential manner to obtain tenders, without those who tendered knowing the purpose for which their figures were to be used, from all the most prominent builders of the various countries who build ships for the foreign trade. That may seem rather a difficult thing to do, but as the success of it will depend upon its being confidential, I will suggest to the chairman afterwards a way in which I think it could be done at very slight expense. It would furnish a check, at least, on the figures that are brought here by interested parties, and, as I said before, that has been one of the stumbling blocks ever since we started—whether our facts were true, or whether they were fiction.

I wish the same thing could be done as regards wages. It is an extremely difficult thing for an American shipowner to secure the pay rolls of foreign ships. Naturally the pay rolls are part of the official documents of the vessels, and they are not available, and even to get copies of them is very difficult.

Senator MARTIN. As I understand, you think that the British shipyards can build for 75 per cent of what the American shipyards can build for?

Mr. CLYDE. It is the difference between 75 per cent and 100 per cent—25 per cent more in this country.

Senator MARTIN. Say the British can build for 25 per cent less.

Mr. CLYDE. That is about my idea.

Senator MARTIN. Your idea is that in the cost of operation the discrepancy is still greater.

Mr. CLYDE. My impression has been that with reference to Great Britain, Germany, Norway—Norway being the most difficult one in some respects to compete with, although it does not touch us at so many points—the average would be about 30 per cent. I have been afraid so. I suppose if any way could be devised to get the boarding-house keepers and shipmasters to tell what they know, they could tell absolutely at all the principal points what men were shipping for on vessels of the different nationalities.

#### THE BANKER'S STANDPOINT.

There is just one other point to which I wish to call attention, and then I believe I shall be through. No scheme for the equalization of the differences in cost of ocean carriage as between American and foreign ships will be successful, however it may look on paper, unless it commends itself to the bankers of the country. I would, therefore, suggest that after the ideas of the Commission have crystallized to an extent where they are in partial or substantial agreement, some bankers be given an opportunity to express their views with respect to how they would regard the security offered by the kind of legislation that the Commission have in their mind. To me that is one of the chief objections to the differential-duties scheme; and I do not distinguish between charging the foreigner 10 or 15 per cent more than the existing tariff or charging on our own ships 10 or 15 per cent less.

#### DIFFERENTIAL DUTIES OR SUBSIDIES?

Representative McDERMOTT. On that point, as you have considered the banker's standpoint, is there any difference between a differential duty, so far as the Government is concerned, and a direct subsidy?



Mr. CLYDE. I have always feared that the Treasury—perhaps not the Treasury, but the people of the country—would have to pay a great deal more for the same return under a differential-duty plan than they would under a direct subsidy, because I have never been—

Representative McDERMOTT. That would be because one would be a known quantity and the other an unknown quantity?

Mr. CLYDE. Precisely.

Representative McDERMOTT. But as to the relation of any dollar paid out, is there any difference that you know of between a differential duty and a direct subsidy?

Mr. CLYDE. I fear that many dollars would be paid out under a differential-duty plan which would practically be wasted.

Representative McDERMOTT. But as to any single dollar, is there any difference? In the one case you would collect the dollar under your tariff duty and put it in the Treasury and then pay it to the shipowner. In the other case you would remit it; you would fail to collect it. Theoretically it would go to the shipowner.

Mr. CLYDE. The way in which I would expect to get the dollar would be by charging a higher rate of freight than the foreign competitor charged, because the goods brought on my ship would be admitted into this country on a more favorable basis than goods brought on his ship. Theoretically that ought to answer my purpose. It ought to suit me all right.

Representative McDERMOTT. Allowing that they both bring in their goods at the same customs duties—all goods arriving paying a certain rate—the money would go into the Treasury. If you remit a portion of the duty on goods imported in American ships, the money would not go into the Treasury. What is the difference between keeping your tariff unaltered and paying the money out of the Treasury after it gets in, and in the other case failing to collect it?

Mr. CLYDE. I do not know that I fully understand you; but if I do, the only difference is this, that in one case you would pay for a specific service which you could see and measure, and you would know you did not pay until the service was rendered. In the other case, you might be collecting additional and unnecessary duties on a great deal of cargo that the American ship could not carry anyway.

Representative McDERMOTT. That would be a matter of inspection. Allow that all of those factors of dishonesty are removed.

Mr. CLYDE. It is not dishonesty.

Representative McDERMOTT. Admit that they are removed. The ship the Government wants to aid brings in goods without the imposition of the duty. What is the difference to the American people whether you land goods without duty or whether the Government charges the duty and hands it back?

Mr. CLYDE. If the same amount is paid to the shipowner in both cases there is no difference.

Representative McDERMOTT. And if the bookkeeping of the system is correct, there can not be any difference?

Mr. CLYDE. There ought not to be, theoretically.

Representative McDERMOTT. There would be an uncertainty as between the one and the other?

Mr. CLYDE. Yes, sir.

## HOW ABOUT FREE GOODS?

Representative MINOR. One of the great hopes of the American people is that by aiding the American merchant marine we can build up foreign markets for our wares. We want to reach into countries where we have never reached to any considerable extent thus far. If the products of South America and Africa and Australia were like those of England, France, and Germany, there would be something in this differential-duty proposition, but what we want is to build up new lines. Under this plan, each ship is entitled to a differential on what it carries. If the goods coming from those countries in which we desire to build up a market for American products bear no duty here, how are the vessels going to get the compensation?

Mr. CLYDE. I do not know. I do not believe there is a man alive to-day who is competent to adjust differential duties to our tariff so as to avoid disturbing and upsetting commercial conditions. There may be, and if there is, and it can be done, it is immaterial to the shipowner.

## THE BANKER WILL LISTEN.

What I meant as to the banker is this: No individual nowadays can furnish the money to build enough ships to make much impression as regards the foreign trade. He has to go to the banker and he has to borrow large sums of money. If I can go the banker and say, "The American Merchant Marine Commission has reported that the difference in cost of ocean carriage under the American flag and in American ships as compared with Great Britain (the competitor I have in mind) is so much per ton or per hundred miles sailed, or whatever it may be; that is the handicap under which I start; and Congress has by legislation agreed to make that good to me; I will get the money every time I complete my voyage; and therefore all you have to consider is whether as a steamship man I am the equal of my British competitor," I think the banker will listen to us and he will give us the money, not perhaps on as reasonable terms right away as the English banker gives it to the Englishman, but on fairly reasonable terms.

## MORE DIFFICULT.

But if, on the other hand, I have to go to him and say, "These are the differences in the cost of ocean carriage, and that is my handicap, and now theoretically this legislation which Congress has passed is going to permit me to charge sufficiently higher rates of freight by my ship to compensate for the difference in the cost of construction and operation—will you lend me the money to try it?" I think the banker will say, "Wait, and just let some other fellow try it, and see how it works;" and there will be very little progress made at the start. There may be some adventurous people who will find the money themselves and will go on and see how it works.

I see much less difficulty with regard to its working as to South America and countries from which we bring in large volumes of bulky cargo than I do in regard to its working in the trans-Atlantic trade. I do not think a differential would be of very much assistance in the trans-Atlantic trade. It is a very different question from what it was a hundred years ago, when the shipowner was a merchant, and when

he sent his captain out with a chest of money and he bought a whole cargo for his own account, very often of one commodity, and brought it here and put it in a store and parceled it out as required. Under those conditions differential duties were effective, because a man figured out on a piece of paper just where he would land. But to-day with the cable and the telegraph and the wireless telegraph wherever a steamship is going in the world and an express service across the ocean, where one little ship will go out with 1,500 bills of lading for a cargo and every little retail dealer on Broadway buying his goods in Paris and having them shipped direct to him, I confess I do not know where differential duties would land us. That seems to me to be the chief objection to the system. I do not see any other—

Representative SPIGHT. Would not the lower rate of duty on foreign goods shipped in American ships induce foreigners to ship more largely in American bottoms?

Mr. CLYDE. Undoubtedly they would ship all they could in American bottoms.

Representative SPIGHT. Would not the American ship get a very decided benefit in that way?

Mr. CLYDE. There is not any question of that. Theoretically it is perfect. I leave to the Commission the very broad question as to what is going to happen to us when the treaties are abrogated. Theoretically it ought to work, and I do not know but that it will, but when I sit down and try to figure out a proposition to lay before a banker on that basis, I can not do it.

I thank you, gentlemen, for your courtesy.

#### NO VALUE IN "FREE SHIPS."

The CHAIRMAN. I wish to ask you two or three questions before you sit down. In the matter of construction you put Great Britain at 25 and Germany at 20. Mr. McDermott very pointedly asked you the question whether that is not a self-inflicted injury that comes to Germany—whether she can not go into Great Britain and buy her ships in the open market. I desire to ask you as a practical American shipowner whether, if you could buy foreign ships and put them under the American flag for foreign commerce, employing Americans at American wages, and housing and feeding them as American shipowners do, you would avail yourself of the free-ship privilege?

Mr. CLYDE. No, sir; because the additional cost of operation would shut me out.

The CHAIRMAN. So, unless we change our laws or unless we could get officers and crews on our American ships at the same rate of wage at which foreign vessels get their officers and crews, the free-ship privilege would not amount to much to the United States.

Mr. CLYDE. It would not amount to anything at all, because there would be no inducement in the main to change the flag, and I would run her under the English flag unless you enabled me to pay the difference without loss to myself.

#### MUST BE AMERICAN OFFICERS.

The CHAIRMAN. Would you, as a patriotic American shipowner, favor relaxing the laws so as to permit the employment of aliens as masters and officers on American ships?

Mr. CLYDE. No, sir.

The CHAIRMAN. If not, why not?

Mr. CLYDE. Because I feel that national defense and the fact that we want these ships as auxiliaries to our Navy and military forces are very material considerations in the problem. We would be sacrificing them altogether. I do not believe that you are going to be able to go into New Hampshire and Maine and Vermont and out West and get young Americans to go to sea, but you can make good Americans of these polyglot men whom I have mentioned, if we enable the Americans to pay them the rates of wages that prevail on American ships. They will take out papers, and they will become good Americans, and if they have to fight they will fight, and fight as well as any other men.

The CHAIRMAN. Do you not think our naval training stations will develop American seamen to a great extent?

Mr. CLYDE. Yes, sir; to a great extent they do. They would make the petty officers, the higher-grade officers to manage these men.

#### NO LOWERING OF PRESENT STANDARD.

The CHAIRMAN. You would not favor reducing the present American requirements as to comfortable quarters for the crew and abundance and variety of food as prescribed by act of Congress, so as to put American ships on a parity with their foreign competitors?

Mr. CLYDE. I would not.

The more I see of the sailor's life the more I feel that under the best conditions as they exist on American steamships to-day, he is relatively a very poorly paid man, and I should hate to see his wages diminished or his conditions of employment made any more severe. If we have to come down to that, I think we might about as well run under foreign flags and be done with it. And it is so out of keeping with the rest of our country's methods and our whole economic system to make a distinction and say we will pay every other kind of labor American wages, but the sailor we will not, that I can not think of it for a moment.

#### "FREE SHIPS" AND COASTWISE TRADE.

The CHAIRMAN. What would be the effect, Mr. Clyde, upon American maritime interests of the passage of a free-ship law which permitted such vessels to engage in the coastwise or domestic trade of the United States?

Mr. CLYDE. They would come in like a swarm of bees and drive us all out.

Representative GROSVENOR. And then fix their own rates of freight afterwards.

Mr. CLYDE. Yes, sir. There is no doubt that this Government has paid, and paid handsomely for the merchant marine we have, and is paying every year, but if to-day you take the restriction off the coastwise trade and admit the foreigner to it, the American shipowner is not going to be the only sufferer. You will find a great many railroads in this country in the hands of receivers, because the freight rates of a great many railroads in the country are made by the coastwise steamship lines, and if those rates were cut all to pieces by an incursion of foreign steamships, the railroad rates would have to come down to the same plane. I do not fear that, after consideration, any Congress would ever do any such radical thing as that.

The CHAIRMAN. By excluding foreign ships from our coastwise trade, do we not confess our inability to compete with foreign ships, and do we not in some form tax the American people to sustain our coastwise trade as an American institution?

Mr. CLYDE. Undoubtedly we do. I would not be surprised at all if by admitting the Norwegian and the German and the British, too, you could reduce cost of carriage from 30 to 40 per cent, and drive into bankruptcy most of the railroads that parallel the coast.

Representative McDERMOTT. By a corresponding reduction of railroad rates?

Mr. CLYDE. Yes, sir.

#### AS TO BUYING SHIPS ABROAD.

Representative McDERMOTT. As to buying ships with American capital, if you allowed them to be bought on the Clyde, as you allow a locomotive which is to be used in this country to be bought abroad, you would reduce to absolutely nothing your first factor against our merchant marine, would you not?

Mr. CLYDE. Yes, sir. There would not be any difference in cost if you all bought in the same market.

Representative McDERMOTT. And as a patriotic shipowner, manning them with American sailors, under the American flag, prepared for war or peace, and all that sort of thing, it would not be effective at all?

Mr. CLYDE. But who is going to pay those men? The shipowner is not.

Representative McDERMOTT. Assume that you have a subsidy, or some other arrangement with the Government which equalizes the wages.

Mr. CLYDE. Yes, sir; we could buy the ships on the Clyde and be on terms of equality. I assume, of course, that you mean exclusively for the foreign trade.

#### MR. CLYDE'S CHART.

The following communication was subsequently received from Mr. Clyde:

[The Clyde Steamship Company, Coastwise and West India Lines.]

NEW YORK, May 24, 1904.

WINTHROP L. MARVIN, Esq.,

*Secretary the Merchant Marine Commission,*

*Care N. Y. Board of Trade and Transportation,*

*203 Broadway, City.*

DEAR SIR: In response to the request of several members of the Commission made to me yesterday, I inclose herewith a copy of the pro forma chart which I submitted to the Commission yesterday, filled out so far as I have been able to do so.

The conclusions indicated by the figures I have inserted in the chart are purely my own and are based largely on the statistics contained in the annual reports of the Commission of Navigation from 1898 to date, and more especially in the report for 1901. I have modified the evidence furnished by the statistics mentioned, to some extent, in the light of my general experience and observation.

I think the Commission will see from what took place yesterday that it will be difficult to draw together the conflicting views as to the comparative natural and artificial efficiency of maritime nations as regards the elements of cost of carrying cargoes in ships. I had hoped my pro forma chart might suggest to the Commission a means of committing each important witness to a definite expression of opinion as to the relative efficiency of the more important maritime nations, at least in respect to the particular elements of cost with which the witness professes to be familiar.

In other words, shipbuilders should be compelled to express their opinions definitely as to the relative efficiency of Great Britain, Germany, Norway, and the United States in the elements of cost of construction and cost of maintenance. Shipowners should be committed in the same way as to the element of cost of operation, and those of the owners who have mail contracts should be committed as to the relative efficiency of the artificial aid given by the nations mentioned. Any bankers called before the Commission should be committed as to the relative prevailing rates of interest charged on capital loaned for steamship enterprises.

In this way I hoped the Commission would be able, by tabulating and averaging the various expressions of opinion obtained, to get a pretty accurate composite photograph of the prevailing expert information upon the whole subject.

When the subcommittee of the Commission goes to the Pacific coast it will doubtless be able to fill up in some form the column of the chart allotted to Japan. This may be of importance as regards the Pacific trade. It is not, as yet, of importance as regards the Atlantic trade.

Of course, my chart is only a suggestion, and it may very well be that the Commission can devise a better and simpler form in which to collect and show expert evidence.

Yours, very truly,

THOS. CLYDE.

*Pro forma chart, designed to show comparative natural and artificial efficiency of maritime nations as regards elements of cost of carrying competitive cargoes in ships of said nations.*

	Great Britain.	Germany.	Norway.	France.	Italy.	Austria.	Russia.	Spain.	Japan.	Holland.	Denmark.	United States.
Cost of construction.....	25	20	18	18	18	.....	.....	.....	.....	.....	.....	17
Cost of operation.....	18	20	25	20	20	.....	.....	.....	.....	.....	.....	14
Cost of maintenance.....	25	23	* 20	20	20	.....	.....	.....	.....	.....	.....	19
Cost of capital (prevailing rate of interest).....	25	25	20	24	22	.....	.....	.....	.....	.....	.....	21
Total of natural efficiency.....	98	88	83	82	80	.....	.....	.....	.....	.....	.....	71
Artificial aids.....	3	6	1	2	1	.....	.....	.....	.....	.....	.....	2
Total natural and artificial efficiency combined.....	96	94	84	84	81	.....	.....	.....	.....	.....	.....	73

NOTE.—There being four elements of cost to be dealt with in determining the relative natural efficiency, take 25 as the perfect figure as to each element, fill all blank spaces accordingly, and the totals will give the comparative percentages of natural efficiency of each nation. Add to each total the comparative percentages of artificial aid given, and we will have the actual relative percentages of efficiency as they exist to-day.

## STATEMENT OF CALVIN B. ORCUTT.

The CHAIRMAN. The Chair will take the liberty of calling upon Mr. Orcutt, president of the Newport News Shipbuilding and Dry Dock Company, one of the largest shipyards in this country, where the *Kearsarge* and the *Kentucky*, and many merchantmen have been built.

Mr. ORCUTT. Mr. Chairman and gentlemen of the Commission, having received an invitation from the secretary of the Commission to be present at the New York hearings and to make known to the Commission what in my judgment could and should be done by national legislation to increase the number of American ships and seamen, I have the honor to state that it will be necessary to remove the present serious handicap under which owners of American vessels are laboring, putting them on a reasonable parity with vessel owners of other nations, before any substantial increase can be secured in the number of American vessels for service in the foreign trade.

If the Commission is not at the present time informed as to the nature and seriousness of the disadvantage under which American shipowners are laboring it will no doubt be fully advised on this point during the progress of the hearings by those most interested, the vessel owners themselves.

I will simply remark in passing that some idea of the disadvantages accruing to American owners will be gained by comparison of relative costs of vessels built in this country and abroad.

## FOREIGN AND AMERICAN COST.

An ordinary freight carrying steamship, termed a "tramp," can be constructed in England for about 75 per cent less money than in the United States.

Representative GROSVENOR. "Seventy-five per cent less money." You do not mean "75 per cent less?"

Mr. ORCUTT. I think we shall show, before the Commission is through with its hearings, that my figures are not entirely out of the way. I will explain as to the class of ships—

Representative GROSVENOR. You do not mean \$100,000 for a British ship as against \$400,000 for an American ship?

Mr. ORCUTT. I mean that the ordinary tramp steamer which is produced abroad at a cost of \$400,000 will cost in this country 75 per cent more than that. I refer to the ordinary tramp steamer which is built in large quantities there and is produced very cheaply.

Representative McDERMOTT. Making the cost here \$750,000 if it cost \$400,000 abroad? If it cost \$400,000 here, is it not your proposition that it would cost \$300,000 abroad? Your present proposition is that the cost on the Clyde is increased 75 per cent here. Is it not your proposition that the cost here is diminished 25 per cent on the Clyde, so that a \$400,000 ship here would be constructed for \$300,000 there?

Mr. ORCUTT. I think the difference is greater than that.

Representative McDERMOTT. That it is 75 per cent!

Mr. ORCUTT. Possibly I may have overstated it, but I shall be very glad to present actual figures.

Representative McDERMOTT. The figure is very startling. It means that a ship costing \$25,000 on the Clyde would cost \$100,000 here.



The CHAIRMAN. Kindly repeat that statement.

Mr. ORCUTT. An ordinary freight-carrying steamship termed a "tramp" can be constructed in England for about 75 per cent less money than in the United States.

It is a well-known fact that a vessel sailing under a foreign flag can be manned and victualed at a much lower cost than under the American flag.

#### EQUALIZING CONDITIONS BY LAW.

If the present situation is to be changed for the better it will manifestly have to be done by national legislation in one form or another, the net result of which shall be to equalize, within reasonable bounds, the condition of competition under which American vessels must engage in the foreign trade.

The most immediate and effectual method of securing the needed relief would seem to be through direct aid to vessels in the ocean carrying trade, such assistance to be wisely planned to further enlarge the ocean mail service, to promote commerce, increase the foreign trade of the United States, provide auxiliary cruisers, transports, and seamen for Government use in time of war. Couple with the foregoing a discrimination, where possible, in import duties on goods carried in American-built vessels sailing under the American flag, and we shall witness a revival in American shipping which will largely promote the political and commercial interests of this country.

#### THE SECRET OF ENGLAND'S STRENGTH.

The basis of the English Navigation Act under which England grew to commercial ascendancy upon the sea was the principle of reserving the carriage of English trade to English ships. It will not be possible to apply such a principle to our conditions at the present time without serious disarrangement of our ocean trade. It will, however, be well to consider that in 1789, the principle of the English Navigation Act was applied to our shipping in a modified form and in a manner which did not disarrange ocean carriage, by a system of discrimination in duties, aided by a system of tonnage taxation. Ships of other nations were still allowed to carry our ocean commerce, but a discount in duties was allowed to American ships.

The discount so allowed was not enough to provide for the immediate development of our shipping to a point where it was able to do all of the nation's sea carrying. It, however, promoted constant growth under this policy and in a period of thirty years secured a tonnage sufficient for the country's needs.

From a political standpoint such a measure would have much to commend it, as it could not be consistently objected to by either Democrats or Republicans.

#### A CHANCE FOR REVISION.

The CHAIRMAN. As the Commission is extremely anxious to have accurate figures, the Chair will take the liberty of again calling your attention to the statement you made about the difference in the cost of the construction of a freight steamer in this country and on the Clyde. As I understand, you say it is 75 per cent less there than here. So if

a vessel cost \$200,000 here, it would cost only \$50,000 there. Do you mean that? Seventy-five per cent less would be \$150,000, leaving \$50,000 as the cost of construction abroad. This is going into the permanent records, and it is very desirable that the American people should not be misled. Possibly it is an inadvertence on your part. I would suggest that you ought to modify it. Of course, if you adhere to that statement, the Commission has nothing further to say about it.

MR. ORCUTT. May I reserve the privilege of modifying the figures? I have yet to hear by cable from one or two sources, and I should like, as there seems to be a great difference in views on this point, to have the figures correct.

THE CHAIRMAN. You have that privilege.

MR. ORCUTT. Probably you will receive from other ship builders testimony on this very line.

#### BOTH CARGO SHIPS AND MAIL SHIPS.

The trading ships of this country, our tramp steamers of the future, will have great carrying capacity and slow speed, and will be designed and constructed with a view to economical management. Such ships are the backbone of England's sea power, just as they will be of our own.

For obvious reasons these particular ships, by reason of their construction and slow speed, will not form a naval reserve of any considerable value. They are entirely unfitted for the carriage of mails, and, therefore, are not in the line of postal or admiralty subsidy. However, these vessels are the real essence of our strength upon the sea and should be encouraged. The system of discrimination in duties, heretofore referred to, would fit their needs in a measure at least. The nation's needs do not stop here.

We need upon the seas the swiftest ships to carry our mail, and to form an auxiliary force in time of war. We need ships of every class in which to instruct seamen for our increasing Navy. Other nations have this sea equipment, and unless we are willing to forego the accruing advantages we must have it also.

A discrimination in duties will not be sufficient. To gain our proper place upon the sea we must imitate the example of other nations and provide a direct subsidy as well.

By a wedding of both principles, that of discriminating duties and direct subsidies, we shall, in my opinion, secure the best results. Each has its own field of usefulness, and the formulation of a policy adapted from each would be likely to receive the support of both political parties.

Now, Mr. Chairman, I should like to say a few additional words. I have responded, as you will observe, directly in the line of the invitation of the Commission with suggestions as to what should be done. I assume that the Commission need not be told very much about the conditions that exist in regard to American shipping. You have heard at Washington before various committees from time to time a great deal on this subject. It seems to me it is not necessary to thrash out old straw in your presence. But I understand that you desire the opinions and views of various people and various interests as to what should be done, all recognizing that something is needed.

## A WORD IN EXCEPTION.

I wish to take exception to some things that Mr. Clyde, who preceded me, said, and I want to do it with perfect business courtesy.

Mr. Clyde started out to say that every interest should stand on its own bottom—the shipbuilder, the shipowner, etc. He then proceeded to explain to you all of the methods and costs of building ships, and I think if he will look over the remarks which he has made, he will find it necessary to correct very materially some of the statements he made.

Now, Mr. Chairman, to the best of our knowledge and belief the labor at our shipyard at Newport News is costing us 75 per cent more than the same labor is costing English shipyards. I think I can say that 40 per cent in the cost of material in favor of the English builders is a very modest figure; and I am prepared here to deny that battleships can be built in this country for foreign powers as cheaply as they can be in England or elsewhere.

## BATTLE SHIPS NOT CHEAPER HERE.

We had very direct evidence of that condition of things, Mr. Chairman, when we were called upon some time ago to make a tender to Russia for a vessel required for war purposes. We were told that the tender, which we made as low as cost would justify, barely reserving a profit, was so far above those of other nations that we could not naturally expect to have the award. We bid on vessels for the Japanese Government without success.

It has been mentioned here that some war vessels for foreign nations have been built in this country. They are sporadic cases. I think, if the figures were shown as to what was the net result of the operations of building for foreign nations, it would be a minus quantity; that there was no profit in the operation.

I at least hope that I am not wrong in my understanding of the situation. I apprehend, Mr. Chairman and gentlemen of the Commission, that we are looking now to the great export trade of this growing country of ours. We have to expand that trade enormously and very rapidly. Otherwise we shall overtake consumption, at the rapid rate at which we are progressing in manufacturing.

Now, does it not concern this nation that transportation facilities for the carrying to foreign markets of this surplus production of ours are put on a basis that will attract capital, and American capital, for the owning and operation of American lines? I do not understand that we can expect to go out into the great competitive field of the world and build for people other than United States citizens, vessels of any character in competition with the shipbuilding establishments of England or other countries. I apprehend that if we are going to get any business in the line of shipbuilding, it must be from American owners—ships to be built with American money, for the purpose of carrying American products to other countries, manned by American sailors.

I can not understand some of the figures Mr. Clyde has given and some of the observations he has made in respect to these matters, and I want the privilege accorded me by this Commission, not only of verifying or correcting the figures which I have given as to the difference in cost between foreign ships and American ships, but I wish also an

opportunity to answer some of the points which my esteemed friend, Mr. Clyde, has made. I am afraid that he has not fully apprehended the situation in regard to shipbuilding. I do not profess to know all about it. I know mighty little about it, comparatively, but I am sure that some of the comments and remarks made by Mr. Clyde are not quite in accordance with the experience of people who have built ships and paid the bills.

#### AS TO COST OF MATERIALS.

Senator MALLORY. Mr. Orcutt, may I ask you a question? I understood you to say that material in American shipyards for American ships cost 40 per cent more than in European shipyards?

Mr. ORCUTT. Yes, sir.

Senator MALLORY. Do you compare it with England or any other nation?

Mr. ORCUTT. I take Great Britain as the standard.

Senator MALLORY. That is the cheapest. Forty per cent more than Great Britain in cost of material?

Mr. ORCUTT. Yes, sir.

Senator MALLORY. I understand from that statement that if you were called on to build a tramp, corresponding to a British tramp of 3,000 tons, the material alone going into the tramp would cost 40 per cent more here than if the vessel were built in Great Britain?

Mr. ORCUTT. Yes, sir.

Senator MALLORY. Why is it?

Mr. ORCUTT. Because everything in the way of material entering into the construction of a ship is highly protected here. It is not only the steel that forms the hull of the vessel that is affected in price. It is every conceivable item that goes into a ship.

Senator MALLORY. Is not a large part of that material admitted free?

Mr. ORCUTT. It would be if we were to build vessels for the foreign trade.

Senator MALLORY. But not for home use?

Mr. ORCUTT. No, sir.

#### EFFECT OF THE TARIFF.

Senator MALLORY. If the duty on materials entering into the construction of a steel or iron ship were removed, what would be the relative difference in cost between the material of a foreign-built ship in England, and one built at Newport News?

Mr. ORCUTT. I can not say in percentage offhand, but whatever the actual difference is at a certain time, we could construct a ship for that much less money.

Senator MALLORY. I gathered from what you said that it is the effect of the tariff on material which makes the difference of 40 per cent. I may have misunderstood you.

Mr. ORCUTT. There is a difference of about 40 per cent on account of the tariff.

Senator MALLORY. That is what you base your statement upon?

Mr. ORCUTT. Yes, sir.

## MORE SHIPS MEAN CHEAPER SHIPS.

The CHAIRMAN. I wish to ask you what in your judgment would be the effect on the cost of American-built steamships of a steady, long-continued demand for steamships of standard types—that is, for combined passenger and cargo ships or exclusively cargo ships? To put it in other words, if your Newport News yard constructed in the course of four or five years three 7,000-ton steamers of substantially the same type, would the price of the labor and material for the later vessels be cheaper than for the earlier ones?

Mr. ORCUTT. Manifestly so; and that throws some light on the difference of cost, as to which my figures have startled you. Here are foreign owners—British owners—going into shipyards and ordering not only three vessels of absolutely the same type, and a very cheaply built ship at that, but twenty-five and thirty vessels. I do not know what the shipyards of this country could do in the way of cost if they had such an opportunity of building vessels of absolutely the same type, absolutely the same model and pattern, one after the other, year in and year out. We probably should not have very much difference in cost when that opportunity came and had been with us long enough.

The CHAIRMAN. I want to ask you if I am correct in assuming that you have built several vessels of the same type—cargo steamers—for the trade between New York and New Orleans?

Mr. ORCUTT. We built twelve of the same type for one owner. Of course, in consequence, advantages accrued in the way of profit. I want to say right here that there is a vast difference in the style of fitting out and the character of workmanship and detail of those ships that are carrying cargoes, and only cargoes for the Southern Pacific Railroad from this port to New Orleans, as compared with foreign cargo carriers. They are fitted with mahogany cabins for the officers. The mess rooms are fitted with mahogany. They are magnificent ships. They are not for a moment to be compared with those rough foreign tramps that are built by the mile and cut off the prescribed length, according to the wishes and tastes of the buyers.

The CHAIRMAN. What I wish to get at more particularly, and it is an important question, is whether the experience that you have gained in constructing several ships, vessels of the same type, has had any effect upon the cost of production.

Mr. ORCUTT. It has had a very decided effect; and I would consider that there was something wrong in an organization that could not produce vessels or any character of commodity at a lower cost after reasonable experience. That is what the American brain is for, and if it only has an opportunity to operate in the line of meeting the competition for vessels to carry American products to foreign ports, we will show you what can be done. But to-day we are handicapped.

The CHAIRMAN. How long would it take your plant to construct, say, a 7,000-ton cargo steamer.

Mr. ORCUTT. About seven months, it being conceded that the material would be forthcoming from the steel mills without delay.

## SHIPBUILDING IN THE SOUTH.

The CHAIRMAN. Are there any advantages, aside from climate, in the matter of shipbuilding in the Southern States as compared with the Northern States?

Mr. ORCUTT. Not that I know of. Of course we are making use of negro labor, and we were told when we went there that it would be unreliable labor, but we have gotten along with it very well. I know of no advantages especially accruing to the South in that connection beyond that of climate.

Representative McDERMOTT. Is that the kind of labor you refer to when you speak of the advantage of American labor in the matter of production?

Mr. ORCUTT. That is the very common labor—the mere outside, rough labor.

Representative McDERMOTT. You have to pay more for that kind of labor, even when you employ negroes, than they do on the Clyde for similar labor? Do you mean that your recollection is that the element of labor as a unit in the construction of a ship has decreased as your business increased?

Mr. ORCUTT. Yes.

Representative McDERMOTT. To what extent?

Mr. ORCUTT. I can not give the percentage, but of course you understand we are introducing labor-saving devices at every turn, and I think we have very much to hope for in that connection when once we are given an opportunity to build extensively ships for the cargo-carrying business of the world.

The CHAIRMAN. Are you through, Mr. Orcutt?

Mr. ORCUTT. I am. I thank you for your kindness.

#### “TRAMPS” AN INFERIOR TYPE.

Senator MALLORY. Have you ever built a vessel of the same class as the ordinary British tramp that comes into the port of Norfolk for coal?

Mr. ORCUTT. No, sir; we have not.

Senator MALLORY. They are, in your judgment, an inferior class of ships?

Mr. ORCUTT. Decidedly so.

Senator MALLORY. They are the cheapest possible ships?

Mr. ORCUTT. The cheapest possible ships. I should like to say that they are not necessarily structurally weak or anything of that kind, but the work done on that class of vessels is of the crudest kind. You would have to take only a cursory glance at the outside of the ship to see that everything about it was cheaply done; nothing nicely faired, as we are in the habit of doing in the construction of our coastwise vessels, or, in fact, all our American vessels. The consequence is that the interest account of the Englishman is very much reduced. He looks simply to the ledger. He has not any particular pride as to how his vessel looks. He has gone beyond that. He makes it simply a money earning proposition.

The CHAIRMAN. That does not interfere with the ship's classification?

Mr. ORCUTT. Not at all. If American owners are allowed to build and operate ships at a profit, shipbuilding will come to their aid in the matter of cheapening production, and that right royally.

Representative SPIGHT. Does not a rough ship do its work as efficiently as the more highly finished article?

Mr. ORCUTT. Yes, sir.

## AMERICAN STEEL ABROAD.

Representative MINOR. Is there not a considerable amount of material shipped to Germany and the Clyde which is used in the construction of ships there?

Mr. ORCUTT. It is not for the construction of ships. I think it is more for bridge building and structural work of that class.

Representative MINOR. It is said that our American manufacturers of steel are exporting a large amount of steel plates and rivets and shapes that enter into the construction of ships, and that they are able to sell them over there at a profit. And yet when you want to buy steel it costs you 40 per cent more than it does abroad. I should like to have you make a statement on that point.

Mr. ORCUTT. I am not informed as to what is done with the steel and the shapes that are exported. My impression is that such material is not used in shipbuilding.

The CHAIRMAN subsequently said: Mr. Orcutt has requested the chair to announce that he has revised his estimate as to the relative cost of building a freight steamer in the United States and in Great Britain, and he puts the difference at from 40 to 50 per cent less in England than in the United States.

The following letter was subsequently received from Mr. Orcutt:

NEWPORT NEWS SHIPBUILDING AND DRY DOCK COMPANY,  
New York, May 24, 1904.

SIR: Confirming the statement made to the Commission at yesterday's hearing that an ordinary "tramp" steamer can at the present time be constructed in England from 40 to 50 per cent less than in the United States, I beg to advise that we have been furnished figures covering cost to owners of tramp steamer *King David*, built at Shorts, Sunderland:

Length of vessel .....	feet..	304
Depth.....	do.....	20½
Beam.....	do.....	44
Measurement on summer free-board.....	tons..	4,250
Steams 9 knots on consumption of 16 tons of coal in twenty-four hours.		
Indicated horsepower .....		1,000
		<hr/>
Price of engines .....		\$38,000
Price of hull.....		85,000
		<hr/>
Total.....		123,000

*Terms of payment.*—\$50,000 on delivery of vessel; \$36,500 in two years; \$36,500 in four years.

The above is a modern up-to-date freight steamer; time required to construct and complete same, seven months from laying of keel.

We could not undertake to duplicate this vessel for less than \$250,000; at this figure the profit would be very small.

We were recently requested to make a tender on a freight steamer of the following dimensions, viz:

	Feet.
Length .....	290
Beam.....	42
Depth .....	21

Double bottom; some special conditions involved. We made what we considered a very low tender—\$260,000. Prospective owner, now in Europe, advises us he can build such a vessel in England for £25,000.

In the early part of May we were requested to make figures on a steamer of 7,000 tons' dead-weight capacity; 24 feet draft; 10½ knots speed; general freighter to class 100 A1 at Lloyds. We named \$510,000, a trifle over cost.

We were subsequently advised that two tenders had been received from England, for the vessel in question, of £45,000 and £50,000, respectively. Other examples might be given showing as great, if not greater, differences in cost in building vessels in this country and abroad.

I would respectfully call the Commission's attention to a confusion in the statement of percentages, which crept into the examinations yesterday, regarding difference in cost of ships here and in Great Britain; also in respect to the difference in cost of material in this country and Great Britain.

My statement as to the difference in cost of ships is that vessels can be constructed in England at from 40 to 50 per cent less than in the United States. For example, a duplicate of *King David*, mentioned above, can be built in England 50 per cent less than in the United States. Putting it the other way, it will cost 100 per cent more to build a duplicate of said steamer in the United States than in England.

Something of the same confusion arose in regard to statement of the difference in cost of material in this country and abroad. To the several inquiries of Senator Mallory, wherein he asked if he understood me aright in stating that material cost 40 per cent more in American shipyards for American ships than the same material would cost in Great Britain, I inadvertently answered yes, whereas I should have reversed the proposition and stated that the material in question would, at the present time, cost 30 per cent less in Great Britain than in this country. For instance, we have a definite quotation from a steel company in Scotland of £5 15s. per ton of 2,240 pounds, f. o. b. Scotland, on ship plates, which is equal to 1.24 cents per pound, while ship plates delivered at our yard from American mills are now costing 1.78 cents per pound, which makes the cost of ship steel about 30 per cent less in Great Britain than in this country, which is equivalent to nearly 43 per cent more in this country than abroad.

No doubt the Commission will be further advised on this point as the hearings progress.

Respectfully,

C. B. ORCUTT,  
*President Newport News Shipbuilding  
and Dry Dock Company.*

Hon. J. H. GALLINGER,  
*Chairman The Merchant Marine Commission.*

#### STATEMENT OF OTTO PARSONS.

The CHAIRMAN. The Commission will remember that at the opening of the hearing the Chair took the liberty of saying that not only would shipbuilders and shipowners and merchants be invited to participate in this conference, but that the representatives of seamen and other classes of labor would likewise be asked to present their views if they desired to do so. I will inquire if Mr. Otto Parsons, New York agent of the Atlantic Coast Seamen's Union, is in the room.

Otto Parsons appeared before the committee.



The CHAIRMAN. The chair will take the liberty of suggesting to all gentlemen who desire to be heard the importance and desirability of being as brief as possible. The Commission has promised to sit in Philadelphia on Thursday and Friday and in Baltimore on Saturday. Hence our time will be fully occupied for the remaining days of the week.

Mr. PARSONS. Mr. Chairman and gentlemen, I have here a copy of an extract from the annual report of the United States Life-Saving Service for the year ended June 30, 1890. It gives the wreck of barges that they claim were undermanned, and the cause of the wreck:

[Extract from the Annual Report of the United States Life-Saving Service for the year ended June 30, 1890.]

*Wreck of the schooner barges Mears and Midnight.*

Another fatality was occasioned by the wreck on November 27, 1889, of the schooner-rigged barges *Mears* and *Midnight*, on the Michigan shore of Lake Huron, at a point about 8 miles to the northward of the Ottawa Point station (Tenth district). The *Mears* was a three-masted vessel of 430 tons, while the *Midnight* measured but 288 tons and had two masts. One of the crew of the *Mears*, Daniel Mowat, of Greenock, Scotland, died from exposure before aid could reach him.

The rest of the crews of the two vessels, 11 in number, including Mrs. Hazen, wife of the captain of the *Mears*, and Mary McDonald, employed as cook on the *Midnight*, was rescued by the crew of the life-saving station under circumstances which reflect great credit upon both the keeper and his men.

It seems that the two barges were being towed down the Lakes by the steam barge *Wilhelm*, on their way to Buffalo, N. Y., with a cargo of lumber, the *Mears* being from Sheboygan, Mich., and the *Midnight* from Ford River, Wis. A severe northeast gale and snow storm had overtaken them as they came down the lake, and by the afternoon the weather became so rough that at half past 2 o'clock the tow line parted under the great strain it was subjected by the plunging and rolling of the deeply laden vessels, as they wallowed along in an endeavor to reach anchorage from the storm, in Ottawa Bay, the accident occurring about a mile from the land and some distance to the northward of Fish Point.

The *Wilhelm* immediately turned back to pick up her consorts, but the weather was so thick that she had run them out of sight almost immediately after the hawser parted and was unable to find them again. Seeing nothing more of the steamer, the crew of the barges cleared away the anchors, intending to let them go, but before this could be done both vessels took the bottom, and this settled their fate, as the heavy seas steadily pushed them toward the lee shore, where they soon afterwards fetched up hard and fast, about two hundred yards from the beach. The barges were at this time side by side, and the crew of the *Midnight* deeming the *Mears* the safest vessel, being larger and stronger than their own, jumped on board and cast their fortunes with the crew of the *Mears*. The *Wilhelm*, having failed in her search, bore up for the harbor, the captain as he passed the Point sounding "distress" whistles to attract the attention of the station crew. This was about 5 o'clock and night had set in.

All perished on board the two barges.

The CHAIRMAN. Mr. Parsons, will you please postpone the remainder of your remarks until after recess?

Mr. PARSONS. Certainly.

Thereupon [at 1 o'clock] the Commission took a recess until 2.30 o'clock p. m.

#### AFTER RECESS.

At the expiration of the recess, the Commission resumed its session.

The CHAIRMAN. Mr. Parsons, you may resume your statement.

#### STATEMENT OF OTTO PARSONS—RESUMED.

Mr. PARSONS. Mr. Chairman, I have here an abstract from the annual report of the United States Life-Saving Service for the fiscal year ended June 30, 1895, giving a report of the wreck of the coal barge *Seth Low*.

About 1.30 o'clock in the morning of January 14, 1895, a large schooner-rigged barge, known as the *Seth Low*, stranded on Long Island coast (third district) near Blacks Inlet Life-Saving Station and became a total wreck. Two of her crew of five men perished; one, Oliver Dootridge, seaman, having been washed overboard and drowned, and the other, Joseph Johnson, cook, having died from exposure while lashed to the bitts on the after end of the vessel. The other three were rescued by the crew of the life-saving station.

The *Seth Low* was built in 1861 at Kennebunk, Me., and consequently was upward of 33 years old when wrecked. Her gross measurement was 1,147 tons. She was originally ship-rigged, at one time during her protracted existence having been owned in Great Britain and sailed under the British flag as a bark, by the name of *Craigs*. In 1888 she was converted into a coal barge, and rigged with two masts carrying fore and aft sails. For a vessel of her size, drawing upward of 20 feet of water, the insignificant spread of canvas provided by her rig was little more than enough to enable her to make headway, still less to contend with a storm, and the testimony shows that she was not only old but rotten. She belonged to a class of vessels which has largely increased in recent years and is still growing. After their usefulness is over as sailing vessels they are turned into transports for carrying coal by being towed (generally two or more at a time) from port to port by steamers constantly employed for the purpose. By this method the expense of transportation is much reduced, for the reason that barges in tow of steamers are not subject to the delay occasioned to sailing vessels by adverse winds, and need only small and inexpensive crews. During the season of 1893 one of these barges was cut adrift near Montauk Point and wrecked on Block Island, with a loss of all on board (five persons); and another, during the season of 1894, off Long Island, beyond the scope of life-saving operations, with her full crew of four persons. On the latter occasion the towing steamer *Panther*, which cut the barges adrift in both instances, herself became a victim of the storm and went down, with a loss of 13 of the 16 men who composed her crew. Four more of these coal carriers were wrecked in Long Island Sound during January, 1895, with a loss of 12 persons; and similar disasters are frequent.

The *Seth Low* was loaded with 1,639 tons of coal at Perth Amboy, N. J., and was bound for Boston, Mass. On the 10th of January she left Perth Amboy and anchored near by Old Orchard, where she lay until the morning of the 12th, when she and a companion barge called the *Ringleader* were taken in tow by the steamer *Santuit*, and set out for their destination. On account of thick weather and an easterly wind all three returned the same day to their anchorage. After laying at anchor with her tow over night the *Santuit* again steamed out, about 1.30 p. m. on Sunday, the 13th, passing Sandy Hook half an hour later. The *Seth Low* having her sails set at 7.30 p. m. her towing hawser, which was subjected to an intense strain, suddenly parted; she began to drift rapidly away from the steamer. At 1.30 a. m., on the morning of the 14th, she stranded on the outer bar, 600 or 700 yards from the shore, as the captain thinks, and pounding with great violence every time a heavy sea struck her.

I have others here which, as I do not want to take up your time unnecessarily, I will submit.

[Extract from the report of the United States Life-Saving Service, 1893.]

### *Wreck of the coal barge Reliance.*

In the forenoon of February 20, 1893, a large coal barge called the *Reliance*, belonging to the Reading Railroad Coal and Iron Company, of Philadelphia, Pa., was cut adrift between Montauk Point and Block Island in a gale of wind by the steamer having her in tow, and some few hours later drifted ashore on the west side of Block Island, where she went totally to pieces within an hour. There were 5 persons on board of her when the steamer abandoned her—3 men, a boy and a woman—4 of whom appear to have been washed overboard and drowned while the helpless barge was wallowing in the sea before she stranded. The fifth, one of the men, was torn away from the main rigging a little later, ten minutes after she struck the bar.

The following details have been collected from the testimony of 20 witnesses, and such other reliable information as could be obtained. The *Reliance* was loaded with 1,450 tons of anthracite coal, and was bound from Philadelphia to Boston; she was rigged with two lower masts and sails, but was not designed to be a seagoing vessel wholly depending on her sails, the custom being to take such vessels in tow of powerful steamers employed for the purpose. The towing steamer in this case was the *Panther*, belonging to the same company as the barge. The overwhelming weight of testimony is that the Life-Saving Service did all that could have been done to save the only person that was lost after the barge came within range of the station operations. Lieut. W. H. Roberts, U. S. Revenue-Cutter Service, who made the investigation, states that it was a physical impossibility to get a boat to the imperiled barge.

[Extract from the Boston Sunday Journal of January 27, 1895.]

NEW LONDON, CONN., *January 26*.—The worst disaster that has happened on Long Island Sound for years occurred last night, and became known this morning, when the *Sea King*, Captain Olmstead, arrived in this harbor in a thick fog. The *Sea King* left Hammond Flats Thursday evening about 5 o'clock, with fair weather and light

winds, with 5 barges in tow, all but one of the fleet consigned to Providence. The barges were coal laden and carried 3,500 tons of coal. The *Sea King* came through the race last night about 5 o'clock with a light west wind prevailing and clear weather, which continued up to 11 o'clock, at which time the tow was 6 miles west of Point Judith, and then the wind shifted to the eastward, and at 12 o'clock increased to a gale from east-southeast, with tremendous force and making a clear breach over the sturdy tug. It was apparent that it was to be a fierce struggle for the boat to get through if the gale held on, and if it increased in force it would be doubtful indeed if the tug and tow would survive.

The waves broke over the tug, flooding her cabin and kitchen so that it was impossible to see hardly the length of the craft. Captain Olmstead and Pilot William Dodd, at the wheel of the *Sea King*, headed the tug offshore, and she pulled away at the long tow behind her until 2 o'clock. The storm was as fierce as ever. Then it was immediately seen that the tow had broken apart. While looking at the laboring craft, the first two or three barges foundered. The head barge of the tow foundered about 6 o'clock this morning, and then the hawser that held her was cut.

As soon as the *Sea King* took off the *Nettie* crew, it was apparent that no other lives could be saved. The tug ran for the harbor to escape the fury of the storm.

About the barges, four were for Providence and the fifth bound for Newport, R. I. The barges lost at Point Judith were well known in Providence, where they did regular service in the transportation of coal for John R. White and Sons and Pomoroy Coal Company. They were all, with the exception of the *J. J. Nulty*, owned by the John Scully Towing Company, of New York. The *J. J. Nulty* was owned by her captain. The *Crocus* was a new barge, having been in service only two years; the others were old vessels. The *Crocus* loaded at Edgewater with 1,264 tons of coal; the *American Eagle* and the *Albert M.* loaded at Weehawken with 472 and 726 tons, respectively, all three consigned to John R. White & Sons. The *J. J. Nulty* loaded at Hoboken with 700 tons for the Pomoroy Coal Company. All four were fully insured.

[Extract from the Annual Report of the U. S. Life-Saving Service, 1897.]

### *Sinking of the barge Sumatra.*

A very lamentable disaster was the foundering of the barge *Sumatra*, September 30, 1896, off Milwaukee Harbor, Wis., when within a mile of safe refuge, with help close at hand, and with scarcely any warning to the ill-fated crew. Although sufficiently disabled to cause grave apprehension on board, she sank so unexpectedly as to preclude any concerted efforts of her crew to escape and carried three of them down with her, helplessly pinioned, no doubt, by the heavy deck load of steel rails sliding upon them as she plunged head foremost to the bottom.

She was a schooner-rigged barge, built in 1874, at Black River, Ohio and was in good condition and considered perfectly seaworthy, having

a rating A2 in inland Lloyds. Her gross burden was 845.34 tons, and she was valued at \$18,000 by her owners, the Mills Transportation Company, of Port Huron, Mich., her hailing port.

The *Sumatra* left South Chicago about 6 o'clock on the morning of September 29, with a crew of 7 men, including the captain, Charles Johnson, and in tow of the screw steamer *B. W. Arnold*, 944 tons, of Port Huron, bound for Fort Williams (Canada, on Lake Superior) with a cargo of steel rails for the Canadian Pacific Railroad Company, 250 tons of the rails being carried on the deck. The barge was valued at \$35,000 and was fully insured. The *Arnold* had a similar cargo and was bound for the same port.

From the testimony of those on board the *Sumatra*, the heavy cargo on board below her decks strained her planking so as to necessitate constant pumping, and in spite of all efforts on the part of her crew the leak gained upon them so fast that finally she plunged head first to bottom, taking her crew with her.

[Extract from the Annual Report of the U. S. Life-Saving Service, 1899.]

September 6, 1898, the steamer *Ice King*, while towing five ice barges from New York to Bath, Me., broke her crank-pin when 10 miles southeast of Cape Elizabeth, and the steamer blew signals for assistance.

The weather was hazy, but the surfmen pulled out and soon descried the vessel, and at the request of the master the keeper took ashore two messages, one to the owner to send a tug to come out and take the steamer into Portland, and the other for a tug to come out and take the barges to their destination.

[Extract from the Annual Report of the U. S. Life-Saving Service, 1903.]

At Louisville, Ky., May 1, 1903, at 2.35 p. m., the steamer *Fulton*, as she was backing out from the wharf with a tow of 6 empty coal barges, collided with a ferryboat named the *Sunshine* and was seriously damaged. Two steamers went to their assistance, and while one of them attempted to tow the barges the other took the *Fulton* in tow. The barges, however, were caught in the strong current of the Kentucky chute of the falls and were cast off by the steamer; they then went over the dam, struck the Pennsylvania Railroad bridge, and drifted down the river. The life-saving crew responded quickly to the lookout's alarm, and after landing four men who were on the barges, boarded the vessels and directed their course to save them from destruction, until a steamer, which also went after them, succeeded in making them fast to the shore.

MR. PARSONS. I next present a table, showing the number of barges lost. The total number of barges lost was 670, and the number of lives lost, 167.

SENATOR MALLORY. During what period?

MR. PARSONS. That is going right along.

SENATOR MALLORY. From what time to what time?

THE CHAIRMAN. In how many years?

Mr. PARSONS From 1890 to 1903. This is not including the Pacific coast, only the Great Lakes and the Atlantic and the Gulf. The table is as follows:

*Extract from the report of the Life-Saving Service of the United States from June 30, 1890, to June 30, 1903, showing the number of barges lost and the number of lives.*

Year.	Barges lost.		
	Atlantic and Gulf division.	Lakes division.	Rivers division.
1890.....	19	4	10
1891.....	31	11	7
1892.....	19	6	5
1893.....	25	14	8
1894.....	39	11	3
1895.....	33	4	3
1896.....	32	7	11
1897.....	30	2	4
1898.....	29	12	5
1899.....	50	7	8
1900.....	38	10	7
1901.....	48	13	4
1902.....	43	11	.....
1903.....	36	6	5
Total.....	472	118	90

Total number of barges lost, 670; number of lives lost, 167.

The CHAIRMAN. What is your suggestion concerning that matter? Do I understand you to say that the wrecks were due to the fact that the crews were inadequate?

Mr. PARSONS. Yes, sir. The vessel is not rigged so that she can take care of herself even, and the complement of men they carry is not sufficient, and the competency of the men is not there, because they are not seamen. They carry anything they can get hold of. By not taking seamen they cut down expenses. The men they have on the barges get from \$14 to \$16 a month.

The CHAIRMAN. What is the remedy if the grievance is such as you suggest it to be?

#### BARGES BETTER RIGGED AND MANNED.

Mr. PARSONS. Mr. Chairman and gentlemen, the only remedy I can see is to rig those vessels and to have them carry competent seamen, so that they will be properly manned in case of storm or in case the tugboat leaves them or the hawser parts.

Senator MALLORY. Is it not a fact that a good many of these barges are so rigged that they can take care of themselves in such an emergency.

Mr. PARSONS. Some of them are so rigged, but they have not sufficient sail on them so that they can stand weather and wind when the storm rises, and they do not carry enough men to man them. A boat of two thousand tons will carry a captain, a man to heave the anchor up, and some two and some three men—generally boys and not men; boys from the age of 12 to 16 and 18 years of age.

Senator MALLORY. You think there should be some restriction put upon the character of the men they ship as sailors?

Mr. PARSONS. Yes, sir; they ought to be competent. A man who goes aboard a vessel ought to know his duty, so that he does not run

the risk of imperiling lives in case of accident or storm, and they ought to carry so many competent seamen on every vessel.

Senator MALLORY. Would you require them to be able seamen?

Mr. PARSONS. Yes, sir.

Senator MALLORY. Instead of ordinary seamen?

Mr. PARSONS. Yes, sir.

Senator MALLORY. Which should they be—able or ordinary seamen?

Mr. PARSONS. There should be so many able seamen and so many ordinary seamen. There ought to be some seamen among them.

Senator MALLORY. I gather from the statement you read that the *Seth Low* had 16 men aboard.

Mr. PARSONS. That was the complement of another ship about which I read.

Senator MALLORY. Do you remember how many men the *Seth Low* had aboard when she went ashore?

Mr. PARSONS. No, sir; I do not. It does not state.

The CHAIRMAN. Let me ask you a question. Are you an American citizen?

Mr. PARSONS. Yes, sir.

The CHAIRMAN. Have you sailed in American vessels?

Mr. PARSONS. Yes, sir; for ten years.

The CHAIRMAN. What position did you occupy on American vessels?

Mr. PARSONS. I have occupied every position up to mate; that is, ordinary seaman, seaman, second mate, so called, and mate, and engineer.

The CHAIRMAN. Have you sailed in foreign ships?

Mr. PARSONS. Yes, sir.

The CHAIRMAN. What position did you hold on such ships?

Mr. PARSONS. Able seaman. I have sailed in German and Scandinavian vessels—one Scandinavian and two German.

The CHAIRMAN. You are just the man the Commission has been looking for to give us some information as to the relative wages, quarters, and food on American and foreign vessels. State your experience in that regard on the vessels on which you have been employed.

#### AMERICAN AND FOREIGN FOOD AND WAGES.

Mr. PARSONS. The food on board an American vessel as compared with the Scandinavian: The Scandinavian vessel feeds better—a little better—and the German feeds about even with the American, and the Englishman does not feed as good as the American.

The CHAIRMAN. The Scandinavian vessel, you say, feeds better than the American vessel?

Mr. PARSONS. Yes, sir; that is, those I sailed on.

The CHAIRMAN. What about the wages?

Mr. PARSONS. In regard to wages, I must say that the ship does not make the wages. It is the port where the vessel ships.

The CHAIRMAN. You know what you received on foreign ships and what you received on American ships. How do the wages compare?

Mr. PARSONS. I got \$45 for going from Savannah over to London. I can not state how much that would be a month. That was twenty-one days going over, and \$45 in twenty-one days.

Senator MALLORY. What was the nationality of the boat?

Mr. PARSONS. Norwegian.

The CHAIRMAN. Did you sail on a Scandinavian vessel before serving on an American vessel?

Mr. PARSONS. No, sir.

The CHAIRMAN. You sailed first on an American vessel?

Mr. PARSONS. Yes, sir; on a New York pilot boat.

The CHAIRMAN. What is your opinion as to the relative wages. You have some information about that?

Mr. PARSONS. It all depends upon where the vessel ships. If she ships here in the city of New York, she pays the same wages as an American vessel.

The CHAIRMAN. How long were you on a foreign ship?

Mr. PARSONS. I was twenty-one days on a Norwegian ship, and I was sixty-seven in a German ship coming back to this country from London.

The CHAIRMAN. So far as wages, quarters, and food are concerned, on which vessel would you rather ship—an American, a Scandinavian, or a German vessel?

#### PREFERRING AMERICAN VESSELS.

Mr. PARSONS. In my opinion, I would rather be on an American vessel, because I claim to be an American citizen and would not sail on anything else; only at that time I was bound to go because I was down and out, and had to do anything I could.

The CHAIRMAN. Is the food scale as bountiful in ships of other nationalities as in American vessels?

Mr. PARSONS. Yes, sir.

Representative MINOR. Vessels of what country?

Mr. PARSONS. Scandinavian and German vessels.

Representative MINOR. You say the German is not quite as good, the Scandinavian is equally good, but the other nations are inferior to ours?

Mr. PARSONS. I really do not know about the other nations, except what I have heard. I only made a comparison between vessels of the nations in which I have sailed.

The CHAIRMAN. In your opinion, what would be the effect upon the Atlantic Coast Seamen's Union of an increase in the number of American ships in the foreign trade?

Mr. PARSONS. I do not know if there is any.

The CHAIRMAN. You do not think it would be of any advantage to your union?

Mr. PARSONS. No, sir.

The CHAIRMAN. Have you any remedy to suggest to build up American shipping in the foreign trade? Have you given any thought to the matter?

#### FREE AS ON SHORE.

Mr. PARSONS. Yes, sir, Mr. Chairman. The American boy who wants to go to sea wants to be free the same as the American workman on shore is, and the condition on board of an American sailing vessel to-day is in violation of the rights of the American seaman in regard to his contract—his liability to imprisonment in a foreign port. That is what keeps a good many American boys from the sea, in my opinion.



The CHAIRMAN. Do you find fault with that?

Mr. PARSONS. Yes, sir; I certainly do.

The CHAIRMAN. How would you remedy it?

Mr. PARSONS. I do not suppose it could be remedied except through legislation.

Representative MINOR. That is what the chairman means.

Mr. PARSONS. The law allows the American seaman to be imprisoned; that is, if he leaves before his contract is up.

The CHAIRMAN. How is it with other nations in that regard?

Mr. PARSONS. Other nations in that regard I can not say anything about, because I never had any case of that kind; just from port to port.

The CHAIRMAN. Is it not a fact that there is not a maritime nation in the world which allows seamen to leave a ship under those circumstances?

Mr. PARSONS. That I do not know; I could not tell. They may have laws there to imprison men. I do not know.

The CHAIRMAN. Are you not of opinion, Mr. Parsons, that our laws, so far as seamen are concerned, are pretty liberal, and as a rule very just?

#### HOW LAWS COULD BE IMPROVED.

Mr. PARSONS. They are pretty liberal, but they could be made better. They could be better, as for the workman on shore.

The CHAIRMAN. What do you mean by that?

Mr. PARSONS. That a seaman has a right to ship whenever he pleases, and go to work when he is put to work, and when his time comes and he sees fit to knock off he should be able to knock off and be a free man like a workingman on shore. If I go to work on a building in the city of New York, I can work a week or two weeks. I can tell my employer at any time I want to work no longer. I can try to better myself elsewhere. An American seaman can not do that without forfeiture of his wages and even of his clothing.

The CHAIRMAN. Do you mean to try to impress upon the Commission the idea that there is a similarity between a man employed in constructing a building in the city of New York and a man who leaves his ship in a foreign port?

Mr. PARSONS. No, sir; not in a foreign port; in an American port.

The CHAIRMAN. Take the case of a man who in an American port leaves his ship tied up?

Mr. PARSONS. It is not tied up. The captain is at liberty to get another crew.

The CHAIRMAN. Oh, yes.

Mr. PARSONS. Just as the employer on shore is at liberty to look for another workman.

Senator MARTIN. Your idea is that he ought to be required to bring his ship back to port?

Mr. PARSONS. No, sir; he ought to be permitted to leave in an American port.

Senator MARTIN. Suppose a vessel sails from New York to Liverpool.

Mr. PARSONS. That is foreign.

## SAILORS SHOULD HAVE RIGHT TO LEAVE.

Senator MARTIN. I know. You do not think the sailor ought to have a right to leave until he gets his vessel back to New York port?

Mr. PARSONS. Yes, sir; I do.

Senator MARTIN. Where would he leave? You say he must not leave at Liverpool.

Mr. PARSONS. He might have some reasons for leaving her.

The CHAIRMAN. How would it be if he happened to take a notion to quit work in midocean?

Mr. PARSONS. That is unreasonable. He has to work there.

The CHAIRMAN. Not at all, according to your argument.

Mr. PARSONS. That is easily overcome by the way the law stands now. No man can refuse duty at sea.

The CHAIRMAN. He can not refuse to remain with his ship when she is in port, can he?

Mr. PARSONS. No; not in a foreign port, according to the law now; but, as I say, even in an American port an American seaman can not leave his ship without forfeiting his wages and his clothing.

The CHAIRMAN. In other words, Mr. Parsons, the law requires him to keep his contract. Is not that about it?

Mr. PARSONS. Yes, sir.

The CHAIRMAN. You want him to have the privilege of violating his contract?

Mr. PARSONS. No, sir; not violating the contract. If the law looked at it in the way I suggest, there would be no violation. It is just the same privilege that any laboring man on shore has.

The CHAIRMAN. We have laws, and some of us believe we ought to observe them.

Mr. PARSONS. I know you have laws. I am giving you my opinion as to why the American boy does not go to sea; that is all.

## THE ARTICLES A CONTRACT.

Senator MALLORY. I should like to ask you a question. When a man ships aboard a ship, how does he ship? What is the formula through which he goes to ship? He signs something, does he not?

Mr. PARSONS. He signs the articles.

Senator MALLORY. What are they; do you know? You have seen some of them, I have no doubt.

Mr. PARSONS. They are supposed to be a contract to complete the voyage.

Senator MALLORY. There is no supposition about it. It is a contract.

Mr. PARSONS. Yes, sir.

Senator MALLORY. Do you know what that contract stipulates as a general rule?

Mr. PARSONS. Yes, sir.

Senator MALLORY. What?

Mr. PARSONS. It stipulates as a general rule that a man is going to go to a certain place and come back again; to go whatever way he signs.

Senator MALLORY. He may sign for a certain voyage or for a certain length of time. From your remarks I infer that you contend that the law ought to permit him to break that contract at any time he thinks proper and be paid notwithstanding the breaking of the contract?

Mr. PARSONS. Be paid for his services rendered.

Senator MALLORY. Up to the time he quits?

Mr. PARSONS. Up to that time, he should receive the wages due him.

Senator MALLORY. He may ship for one year, and he may quit in six months, and there may still be due him three months' wages. You think he ought to be allowed to break his contract and get those three months' wages besides?

Mr. PARSONS. I think he ought to be allowed to get paid for the time he rendered service.

Senator MALLORY. Notwithstanding the fact that he breaks his contract?

Mr. PARSONS. Yes, sir; I do.

Senator MALLORY. That is what I want to get at. That is your opinion?

Mr. PARSONS. I certainly do think so.

#### WAGES AND THE PORT.

Senator MALLORY. Another point has been developed in this hearing. You said something about the wages of seamen depending upon the port where they shipped?

Mr. PARSONS. Yes, sir.

Senator MALLORY. What is your experience as to shipping. You shipped in Savannah for London?

Mr. PARSONS. Yes, sir.

Senator MALLORY. How did you come to ship in Savannah? Please state to the Commission the facts, so that it can understand exactly the method.

Mr. PARSONS. How I came to ship in Savannah? I was stranded in Savannah.

Senator MALLORY. I mean the method. Were you shipped through a boarding-house master?

Mr. PARSONS. Yes, sir.

Senator MALLORY. How did you determine on the matter of your wages?

Mr. PARSONS. I think the boarding-house master got about the most of it.

Senator MALLORY. The boarding master got the most of it?

Mr. PARSONS. I guess he did.

Senator MALLORY. How were the wages determined? What fixed the amount of wages that you were to receive for the voyage?

Mr. PARSONS. I signed for \$45 for the run from Savannah to London. I had \$20 advance. That went to the boarding master, and \$25 was to be paid me when I got to London.

Senator MALLORY. What was the nationality of the ship?

Mr. PARSONS. Norwegian.

Senator MALLORY. Now, suppose, instead of its being a Norwegian ship, it had been an American ship. Would there have been any difference in the wages you would have received for the same voyage?

Mr. PARSONS. No, sir; I do not think so.

Senator MALLORY. You think not.

Mr. PARSONS. No, sir.

Senator MALLORY. From your experience, you say it would be the same?

Mr. PARSONS. Yes, sir.

Senator MALLORY. And the same on a British ship?

Mr. PARSONS. Yes, sir.

Senator MALLORY. In other words, the wages of an ordinary seaman or of a seaman aboard ship depends upon the wages prevailing at the port where he ships?

Mr. PARSONS. Yes, sir.

Senator MALLORY. And not the nationality of the ship?

Mr. PARSONS. That is right.

Senator MALLORY. Is that your experience and observation?

Mr. PARSONS. Yes, sir.

#### THE SAILOR'S CONTRACT.

Representative MINOR. I wish to ask you a question: For instance, a sailor ships aboard a ship here in New York, and agrees to make a trip by the run, as you call it, and when he reaches some other port you think he has a right to quit, if he so desires, and that the ship should pay him for all services rendered by him up to the time he quits?

Mr. PARSONS. Yes, sir.

Representative MINOR. Now, answer me this question: Suppose a sailor ships aboard a vessel here in New York harbor, bound for Mobile and return, and the master has contracted with the sailors to pay them so much for that run to Mobile and return to New York. Do you not think that if the sailor has the right to violate his contract whenever and wherever he has a mind to, the ship ought to have the right to put the sailors off at Mobile? In other words, if a sailor can violate his contract, why is it not proper and right that the vessel shall have the right to violate its contract?

Mr. PARSONS. In what regard?

Representative MINOR. In this regard: Suppose the vessel goes to Mobile. She finds, after getting there, that a return cargo is not ready. She may have to lie in port two or three weeks. It would be a matter of saving to her to discharge the crew. Do you think she ought to have the right to do it?

Mr. PARSONS. She generally can do it.

Representative MINOR. Do you think it would be right——

Mr. PARSONS. Yes, sir.

Representative MINOR. To put them ashore?

Mr. PARSONS. Yes, sir; they are doing it now, whether it is right or wrong.

Representative MINOR. That is not the question. The question is, Is it right?

Mr. PARSONS. In my opinion the men ought to have the privilege to leave their vessel in any American port and get what is due them.

Representative MINOR. I am not disputing you. I want you to know that I myself have been before the mast. This is not a new question to me. But if the man has that right, the owner of the ship should have the same right; that is all. I want to make that statement to the Commission.

Mr. PARSONS. Well, in my opinion the ship ought to have the right just the same as an employer on shore.

## WAGES IN NORWAY AND AMERICA.

The CHAIRMAN. Could you tell the Commission what the rate of wages would have been had you shipped at a Norwegian port on a Norwegian vessel?

Mr. PARSONS. So far as I know—that is, so far as the statistics show—it would have been about \$20 a month.

The CHAIRMAN. How would it compare with American wages?

Mr. PARSONS. What is that?

The CHAIRMAN. How would it compare with American wages?

Mr. PARSONS. In a Norwegian port?

The CHAIRMAN. Yes.

Mr. PARSONS. I am not comparing wages in a Norwegian port with an American port.

The CHAIRMAN. We want you to do so.

Mr. PARSONS. The only comparison there is is this: An American port generally pays more than a Norwegian port; that is, in a certain class of vessels. There are other classes of vessels here in American ports which they have not got in Norwegian ports which pay less, like the barges.

Representative MINOR. You say a certain class of vessels pay higher wages in America. Why is that?

Mr. PARSONS. Because they are looking for competent men. They want competent seamen. They can not very well do without competent seamen. They can not.

Representative MINOR. Do you think the American wage has anything to do with it? Is it because vessels shipping crews here in New York are paying more than they are in Norway? Are they not paying higher wages here?

Mr. PARSONS. They are paying a little higher wages here in the city of New York than they are in Norwegian ports.

Representative MINOR. That is because American wages are higher?

Mr. PARSONS. They are two different countries.

Representative MINOR. Be frank about it. My sympathies are with you to a large extent, but we want the facts here without any prejudice.

Mr. PARSONS. The American vessel is paying a few dollars more than any other nationality as regards European countries, but they are two different countries. That is the way I look at it.

Representative MINOR. If an American ship were in some port in England, suppose, and wanted a crew, would she have to pay higher wages there than an English ship?

Mr. PARSONS. I do not think so. She would get them for the same wages. She would get them for the standing wages at the port.

Representative MINOR. You think the flag makes no difference?

Mr. PARSONS. It makes no difference whatever, in my opinion.

Representative MINOR. That is not the experience of a good many men.

Mr. PARSONS. It has been my experience.

Senator MALLORY. You have mentioned here two points where you think the law relating to merchant seamen can be improved—one relating to the barge business and the other relating to the right which you think the sailor ought to have to be discharged at an American

port before the end of his voyage, really. Is there any other suggestion you have to make relative to improving the condition of the American sailor?

#### CROWDED FORECASTLES COMPLAINED OF.

Mr. PARSONS. Here is another—the small forecandle. A good many men complain of the small forecandle. It turns them right back. The sailor goes on shore. I have that complaint nearly every week. I ask a man, “Why did you leave the vessel,” and he says, “My God, I could not live in the forecandle. I could not turn myself around in it.” According to the law, a man is allowed 6 feet long, 2 feet 8 inches wide, and 6 feet 3 inches high. It is larger than a coffin, but smaller than a grave.

Senator MALLORY. You think that is not large enough?

Mr. PARSONS. No, sir. I have been on board a vessel when in a squall I had to get my clothes out and put them on in the run.

Senator MALLORY. What kind of a vessel?

Mr. PARSONS. An American vessel; an American schooner on this coast.

Senator MALLORY. Engaged in the coastwise commerce?

Mr. PARSONS. A three-masted schooner; three masted and four masted.

Senator MALLORY. You think then that the regulations relating to the amount of space in the forecandle should be enlarged?

Mr. PARSONS. Yes, sir; I certainly do.

Senator MALLORY. Are there any other suggestions you wish to make?

Mr. PARSONS. No, sir.

Representative MINOR. What was the name of the vessel to which you have referred?

Mr. PARSONS. The *William Downs* is the name of one, and I can name several of them. I have not got them right here now. I can name several. I should like the Commission to go aboard some of these American vessels and judge for yourselves in regard to the forecandle.

Representative MINOR. A good suggestion, Mr. Parsons. I wish to ask you a question. I am not entirely conversant with the accommodations for the crew on the Atlantic. I am better informed as to the Lakes. Are your quarters below the deck?

Mr. PARSONS. In some vessels they are.

Representative MINOR. The forecandle?

Mr. PARSONS. Yes, sir.

Representative MINOR. Would it work any great hardship to the owner of the vessel if the space for each man was increased?

#### AS TO UNDERMANNING.

Mr. PARSONS. Not in my opinion. I have here a statement showing the losses of merchant vessels of the United States in the year 1903, from the Bureau of Navigation, Department of Commerce and Labor. It shows that there is no system of manning vessels, and in a good many instances that is why the vessels were lost. They were undermanned and could not be taken care of. For instance, when they have

a storm, and the men are at work for three or four days at a time, they are actually played out and can not do any more, and the vessel is right at the mercy of the wind and weather.

The CHAIRMAN. How does it happen that the self-interest of the owner does not prompt him to take every possible precaution for the safety of his vessel?

Mr. PARSONS. I will state that the owner is trying to run his vessel as cheaply as he possibly can.

The CHAIRMAN. Yes; but if he is losing his vessels to the extent you suggest, it would seem as though he would use the ordinary precautions to save them from destruction.

Mr. PARSONS. That is right enough, but as I say, in vessels around here, he will just run them as cheaply as possible, and even get men who are not competent. I know of several vessels in this port to-day, and I can go right on board of them, having such men, and if you send them up aloft, they do not know how to do the work. If you ask them to box the compass, they can not do it. There is a vessel over here, which has two men and two boys, 16 or 18, and they never saw a vessel before.

Representative MINOR. How large is she?

Mr. PARSONS. Somewhere around 400 tons; a three-masted schooner.

Representative MINOR. Would she undertake to go outside with that crew?

Mr. PARSONS. She had them on the last trip.

Representative MINOR. And that is all she had?

Mr. PARSONS. That is all I know of. I saw them when they got in here.

Representative MINOR. What is she—a fore-and-after?

Mr. PARSONS. Yes, sir.

Representative MINOR. And you says she carries two boys?

Mr. PARSONS. Yes, sir.

Representative MINOR. They must be good boys or they never would have got the sails up.

Mr. PARSONS. There were two men with them. I did not say what kind of men.

Representative MINOR. That made four instead of two.

Mr. PARSONS. The full complement was four. I was referring to the boys. There are a good many of them the same way; actually all the work comes just on one or two men.

#### UNSEAWORTHY BARGES.

Representative MINOR. Is it not a fact that some old, worn out schooners are converted into tow barges?

Mr. PARSONS. Yes, sir.

Representative MINOR. They have got so rotten that they can not stand the pressure of canvas, and they are shortened; cut down.

Mr. PARSONS. I do not think I know of over ten that have been worked that way.

Representative MINOR. Are they built especially for barges?

Mr. PARSONS. Some are and others are big square-rigged ships cut down.

Representative MINOR. That is what I mean.

Mr. PARSONS. But when they rig them up and get the lower sails on them, there is not enough canvas to handle them.

Representative MINOR. Would you suggest a rigid system of inspection?

Mr. PARSONS. Yes, sir.

Representative MINOR. I think I would, too.

The CHAIRMAN. Can you give the Commission the names of any of the vessels that have inadequate forecastles, as you have stated?

Mr. PARSONS. Yes, sir. There is the *Sarah Ann Lucy*, the *Fanny Stewart*. There are several more, but I can not think of them just now.

The CHAIRMAN. If you think of them, will you hand their names to the stenographer?

Mr. PARSONS. Yes, sir; I will hand them in.

#### INADEQUATE CREWS.

I should like to compare a few vessels here to show that there is no system of manning of vessels at all. They can just sail with any complement of men that the captain sees fit. If they had a system of manning the vessels would be very much safer for life and property.

Representative MINOR. Is it not a fact that there may be two sail vessels of 1,000 tons measurement, and one may be old and obsolete, without donkeys aboard, and the other may have a donkey aboard to do the heavy work, heaving up the anchor, etc., and will not the vessel with the donkey require a less number of men than the one without steam?

Mr. PARSONS. Yes, several of them, but there is hardly a vessel on this coast of a thousand tons without a donkey.

Representative MINOR. You do not want to compare the vessel with steam aboard with one having no steam.

Mr. PARSONS. Mostly all the vessels over 500 tons have either a gasoline donkey or a steam donkey.

Representative MINOR. You say that on vessels of a thousand tons having power for doing the work the crews vary?

Mr. PARSONS. Yes, sir.

Representative MINOR. How small a crew do they carry? How many men before the mast are required on a vessel measuring a thousand tons?

Mr. PARSONS. Some carry four and some carry five. According to the statistics here, some carry seven and eight.

Representative MINOR. It depends somewhat on the rig?

Mr. PARSONS. I do not know. In my opinion it does not depend on the rig at all. It is all alike rigging; it is just the same work on one as another.

Representative MINOR. Not quite.

Mr. PARSONS. The steam donkey generally breaks down, and you have to do the work by hand, and when a storm blows up you can not take in sail by steam.

Representative MINOR. You people are favorable to a manning bill?

Mr. PARSONS. Yes, sir.

#### LABOR AS WELL AS CAPITOL.

Representative MINOR. I have had to do with it. It really does not touch this question, but I am very glad to hear these suggestions from you. You are just the kind of men we are trying to reach. You peo-



ple must understand that this Commission is here, as it will be in other places, to reach not only the owner of the ship and the builder of the ship, but we want to reach the captains and engineers and the common sailor.

Mr. PARSONS. That is right.

Representative MINOR. If we can not frame a bill which will meet somewhat the demands of labor and improve somewhat labor conditions and make it an inducement for American boys to go to sea, it will be useless. We want you to feel perfectly free to come here, because we are in the interest of labor just as much as of capital. We are all American citizens, and that is our duty here.

Mr. PARSONS. Our object is to get the American boy to go to sea and to stay there. I met the other day an old sailor, a shipmate of mine. He has been going to sea all his life. He is forty years of age. He started ashore eight weeks ago. I asked him why he knocked off. He said "I earned twenty-six dollars and some cents for one week, and I would not earn that in a month at sea."

Representative MINOR. It is a glorious country where a man can do that.

Mr. PARSONS. That is what it is.

#### STATEMENT OF FRANK A. HOUGHTON.

Frank A. Houghton appeared before the Commission.

The CHAIRMAN. Mr. Houghton, you may make your statement in your own way.

Mr. HOUGHTON. I did not come here prepared for any special talk, but I will take my cue from the statement Mr. Parsons has made. One of the most important things in regard to barges he has omitted, and that is about the other vessels. What about the sailing vessels that have to encounter these long tows of barges, some of them nearly a mile long, towing, with a steamer ahead, four and five barges? And on a dark night, when you can hardly see one thing from another, a sailing vessel encounters a lot of these barges going this way and the other way. It is just as Mr. Parsons says, you have the report as to the number of barges that were lost; but what about the many schooners and other vessels that are lost of which you never hear anything? She sails and after a month or so is reported missing. You do not know what has become of her or the crew. They have gone down to the bottom.

#### PERIL OF LONG TOWS.

You will understand that from boyhood I have been brought up at sea step by step—boy, and ordinary seaman, seaman, and master, commanding sailing vessels and steamers. I have been through the whole thing, from the beginning to the end. It seems to me if the law is aiming at the protection of lives and property, and if the lawmakers have the power to say to me I shall burn a red light on this side and a green light on the other to avoid collision, they also have the power to limit the length of these tows. On a dark night or in thick, foggy weather a steamer a mile ahead blows one long whistle and two short ones, as provided by law; but you have no possible way of telling how long the tow is. The vessel tries to keep clear of one barge and another strikes her and she goes down. The instances are too numerous to

mention. If I were to draw up a paper asking either that the tows be limited to two barges, or if that is unconstitutional, that they be limited to a certain length, and ask every shipmaster and every shipowner and every insurance agent in the United States to sign it, there is not a man connected with the merchant marine (excepting the barge owners) who would not sign it, because they all recognize the danger. The insurance companies do, inasmuch as they will insure but two barges.

That is all right so far as property interests are concerned, but what about the people aboard them? What about the people who on a dark night have to contend with the long tows going up and down the coast? If there is a collision and a few sailors go to the bottom, what about it? As long as the vessel is insured, that is all there is to it.

#### SWEEP AWAY BUOYS.

Senator LODGE. Is it not also true that these very long tows frequently sweep away buoys and marks?

Mr. HOUGHTON. Yes, sir. In crossing inland seas and waters I think they ought to be compelled to shorten their hawsers to a certain length. The other day a schooner—the *Levi Hart*—was going over Nantucket Shoals. The captain got as near the shoal water as was possible, to try and keep clear of a tow, but was struck by one of the barges and in thirty seconds the vessel went down to the bottom. These tows are so long that sailing vessels have no chance. There is no reason why they should not shorten the hawser to a certain length.

Senator LODGE. I had in mind just that region, with which I am familiar. I know that the tows carry away the buoys and the marks. The aids to navigation are carried away by these long tows, and are frequently destroyed.

Mr. HOUGHTON. Yes, sir. Picture it, then, on a foggy night, when you can not see a thing. A towboat is along ahead. The law prescribes one long and two short blasts, indicating that she has a tow. It does not say anything about the length of the tow. You do not know whether the tow is 300 feet long or 6,000. I have repeatedly seen tows on this coast 6,000 feet long. Take a vessel when it encounters a lot of these tows. The captain does not know what to do. If he makes a mistake, there is a collision, and the vessel or the barge goes to the bottom. Four or five weeks afterwards it is reported that a vessel was lost. You do not know what has become of her. She has gone to the bottom.

#### SHOULD BE REGULATED.

It seems to me when there is a law providing for the prevention of collisions at sea, regulating the lights and all that sort of thing, there ought to be some law regulating the length of tows. If there is an accident on a railroad here in the city of New York—if the New York Central has a collision—the authorities take it up; there is an investigation, and if the railroad is at fault it is held to responsibility, and there are laws made to prevent such collisions.

I am not talking about it from the shipowners' standpoint. I am talking about it from the sailors' point. The men aboard those ships have not a ghost of a chance for their lives, going up and down the

coast with these fleets of tows strung out to any length they see fit to tow them. I am not saying anything against the people who own the towboats, but what about the risk run by the vessels and the men on board which encounter them?

Senator MALLORY. Why do they extend the tows such great distances?

Mr. HOUGHTON. It is easier to tow them. They have a towboat which is 150 feet long; each barge is 200 feet. They usually put them about 200 fathoms apart, which makes 5,700 feet, or over a mile.

Representative MINOR. Is it not due to the fact that the longer the line the easier it is to tow?

Mr. HOUGHTON. That is it, but the length of hawser has nothing to do with the *number* of barges towed.

#### SHORTENING THE TOWLINE.

Representative MINOR. You could not shorten up the towline in a seaway, but where you are protected, you can. Have you not any rules here in the harbor of New York about shortening the line?

Mr. HOUGHTON. If there is any such rule, I have never heard of it. There is nothing laid down in the rules of the road which compels a man to use either a long or a short hawser.

Representative MINOR. I am not quite sure, but it seems to me the Secretary of the Treasury would have the right to regulate it in harbors.

Mr. HOUGHTON. There is just as much danger on this coast with tows 5,700 feet long, and more danger than when you get on an inland sea.

Representative MINOR. I doubt it. I think there is more danger to life and property with short towlines than if they are long. It is easier on the line, and there is less breaking away of the tows.

Mr. HOUGHTON. That is true so far as the barge is concerned, but what about the sailing vessel that has to beat and tack and which comes in contact with these tows, and does not know whether the tow has one barge or two barges or three barges? Long hawsers can be used on two barges only and be safer for the barges and also the passing vessels than when four are towed.

Representative MINOR. The law requires that the steamer shall go out of the way of the sailing vessel, and so as to the tugboat.

The CHAIRMAN. It has been suggested to me that no case ever occurred where four barges were towed from Norfolk to this city.

Mr. HOUGHTON. I can swear on oath that I have seen it not once, but a hundred times, and not only that, but I have seen five barges towed together; and these statements I am ready to verify.

The CHAIRMAN. What about the question as to American seamen and wages? That is what we are required to inquire into more particularly than the matters you have been discussing.

Mr. HOUGHTON. On what particular point?

The CHAIRMAN. As to the comfort of American seamen.

#### AMERICAN SEAMEN ARE MOST COMFORTABLE.

Mr. HOUGHTON. I think American seamen are better protected than any other seamen in the world, so far as comfort is concerned.

Senator LODGE. How about the wages?

Mr. HOUGHTON. I think the wages are always a little higher here. The wages of a foreign-going ship depends upon what port she ships her men in.

Senator LODGE. They usually ship them in their own ports.

Mr. HOUGHTON. If you ship men here in an English ship or an American ship, you practically pay the same wages.

Senator LODGE. The English ship generally ships her men in England.

Mr. HOUGHTON. Invariably she does. But sometimes when the men leave and they are compelled to ship men here, they are obliged to pay American wages.

Senator MARTIN. Your experience is that it depends upon the port and not upon the nationality of the ship?

Mr. HOUGHTON. Very largely it does. However, there are certain exceptions.

Senator MARTIN. What are they?

Mr. HOUGHTON. Take, for instance, some of these Nova Scotia vessels. The men will all come from one port, and they will keep together, and the vessel will get them for a little less money than they could get outside men.

The CHAIRMAN. How many years were you at sea?

Mr. HOUGHTON. About nineteen years.

The CHAIRMAN. Have you any suggestions to make, because of the experience you gained as a seaman, on the question of additional legislation in behalf of American seamen? Have you any grievances?

Mr. HOUGHTON. None at all. I think the American sailor, the common man who starts out in an American ship, takes the same chances that anybody else does. If he has the ability and shows himself bright and smart, he is pretty apt to get along.

Senator MALLORY. By "getting along," you mean rising?

Mr. HOUGHTON. Yes, sir.

Senator MALLORY. Be promoted?

Mr. HOUGHTON. Yes, sir. I have found that American seamen, that is, young men who start in at that profession, either do get along or else they quit the profession.

Senator MALLORY. Did you hear Mr. Parson's testimony?

Mr. HOUGHTON. I did.

Senator MALLORY. You heard him make the statement about the accommodations in the fore-castle for the men?

Mr. HOUGHTON. Yes, sir.

Senator MALLORY. What has been your experience? I suppose you have served on three-masted schooners?

Mr. HOUGHTON. I have been on all rigs afloat.

Senator MALLORY. What is your observation as to the accommodations?

#### AMERICAN ACCOMMODATIONS BEST IN THE WORLD.

Mr. HOUGHTON. My experience is that on three and four masted schooners, in fact on all American vessels, the men are treated better and they have better accommodations right straight through than on anything that floats on salt water.

Senator MALLORY. In 1897 Congress passed an act which provided that vessels built or rebuilt after June 30, 1898, "shall have a space of not less than one hundred cubic feet and not less than 16 square

feet, measured on the deck or floor of that space for each seaman or apprentice lodged therein." Do you think that is sufficient?

Mr. HOUGHTON. I think you will invariably find that the accommodations on an American schooner are much larger than that.

Senator MALLORY. As a rule they are much larger?

Mr. HOUGHTON. As a rule they are much larger. Most of the modern schooners are equipped with steam heat and with a steam engine that does one-half the work. It lifts the anchor and does everything practically that is heavy.

Senator MALLORY. Still there are yet in existence a good many old three-masted schooners.

Mr. HOUGHTON. Yes, sir; of the smaller type.

Senator MALLORY. How are they equipped for sleeping space for the men in the forecabin?

Mr. HOUGHTON. I think the modern schooner is much better equipped than the old ones.

Senator MALLORY. I have been aboard some which I thought were very ample.

Mr. HOUGHTON. I can take you aboard some on which I do not think anybody would be ashamed to sleep, even in the forecabin.

I spoke of the barge question only because Mr. Parsons had brought it up, and I thought perhaps if you entertained any statement from him as regards one side, it was perfectly fair to put in the other side, because there is a greater risk to sailing vessels and their crews encountering those barges than there is to seamen on the barges themselves.

#### AS TO THE SAILORS' CONTRACT.

The CHAIRMAN. As a practical sailor and shipmaster, what have you to say with respect to the complaint which Mr. Parsons made that sailors are not allowed to quit work on shipboard as they are on shore.

Mr. HOUGHTON. I think, so far as that is concerned, it is a matter of agreement. If a sailor ships here in New York to go to Mobile and when he gets to Mobile he finds that the wages there are \$5 more a month, he wants to leave. But if he finds them \$5 less, he does not want to leave. If it is going to be a one-sided thing, it is not exactly fair. There should be two sides, and I say, as a master of a ship, that if when I get to Mobile I find that wages are less, I ought to have the privilege to tell the sailor to go ashore.

The CHAIRMAN. If he is to have a right to violate his contract you ought to have a similar right.

Mr. HOUGHTON. Yes, sir; and if he makes a contract with me to go from here to Mobile and take his chances he should keep his contract, as I should.

In the port of New York there are no sailors shipping who do not thoroughly know just what they are doing. The law is laid down pretty plainly, and I must say that at the present date they have it pretty much their own way. As far as concerns the treatment of sailors, the American sailors are better fed and they are better paid and they have more consideration from the Government than any others. American seamen have better accommodations and in every way are far better off than the same class of people in other countries.

Representative McDERMOTT. When you speak of them you speak of a class in which you do not include yourself?

Mr. HOUGHTON. When I speak of a seaman, I mean from the captain down to the cabin boy.

Representative McDERMOTT. How is it when you say "they" are better paid and have better accommodations?

Mr. HOUGHTON. I was speaking of seamen as a class.

Representative McDERMOTT. You were speaking of a class in which you do not include yourself?

Mr. HOUGHTON. No, sir; I was not, because it is a well-known fact that American shipmasters are better paid than any others.

Representative McDERMOTT. What is your relation to them? Are you an employer?

Mr. HOUGHTON. I have been both.

Representative McDERMOTT. Are you now?

Mr. HOUGHTON. No, sir.

Representative McDERMOTT. What are you now?

Mr. HOUGHTON. I am connected with the Townsend-Downey Shipbuilding Company.

Representative McDERMOTT. You are not a sailor?

Mr. HOUGHTON. I have given it up.

Representative McDERMOTT. Are you connected with those who employ sailors?

Mr. HOUGHTON. No, sir. I am connected with those who build ships. I spent nineteen or twenty years on the sea from boyhood up, and commanded all kinds of craft.

#### AMERICAN AND ENGLISH WAGES.

Representative McDERMOTT. Take any ship employing a considerable number of men, and, in your own way, give us in detail the difference between the cost of manning and officering that ship under the American flag and a similar one under the English flag.

Mr. HOUGHTON. I should have to do that with a qualification. It would depend altogether from what port I shipped the men.

Representative McDERMOTT. Ship from Liverpool under the English flag, and from New York under the American flag.

Mr. HOUGHTON. I will make a comparison of two ships shipping in the port of New York.

Senator MALLORY. Are you speaking of a sailing vessel or a steamship?

Mr. HOUGHTON. Of a sailing vessel. You would have to pay the master more in the American ship.

Representative McDERMOTT. How much?

Mr. HOUGHTON. That depends altogether, I may say, on the generosity of the owners and the man's ability. The wages are different. Some are paid \$75 or \$80 a month, and some are paid \$150.

Representative McDERMOTT. It depends upon the personnel of the men in both cases?

Mr. HOUGHTON. It does; and it depends a good deal on the ship. Then, so far as the mates are concerned, you have to pay the chief officer a little more, and the second officer a little more.

Representative McDERMOTT. Is there not a schedule of wages as to those officers in Liverpool and New York?

Mr. HOUGHTON. No, sir. As an illustration, if I was master of a ship and wanted a mate, I would willingly give a first-class man \$5

more a month than an incompetent one. A man's ability to a large extent governs his wages.

When you get down to seamen, those two ships here in New York would pay identically the same wages. If I was in Liverpool in an American ship and wanted to ship a crew just along the same lines that the English do, I would get my men just as cheaply. This question of wages only applies to American and English ships, but does not touch French, Italian, or Norwegian ships, as all such vessels are manned at a very much less rate of wages than either American or English.

Representative McDERMOTT. Is it true that if I have a ship flying the American flag in Liverpool and ship my crew there, my employees would receive more than the English would pay?

Mr. HOUGHTON. No, sir; if you limit it to the sailors only.

Representative McDERMOTT. Take a ship of 400 tons burden. How many officers will she have?

Mr. HOUGHTON. Four hundred tons? It depends a great deal on the rig of the ship.

Representative McDERMOTT. Take any rig as an illustration.

Mr. HOUGHTON. If it was a square-rigged vessel—that is, a bark or something of that sort—you would have a captain and two officers.

Representative McDERMOTT. Now, take a captain of equal capacity, sailing from Liverpool to New York and returning to Liverpool as the home port, how would his wages compare with those paid to a captain sailing on a similar ship from New York to Liverpool and returning to New York as the home port?

Representative MINOR. It depends upon the nationality of the captain.

Representative McDERMOTT. Take an American on this side and an Englishman on the other side.

Mr. HOUGHTON. The position of the vessel—that is, the location of the ship when the men are engaged—makes very little difference so far as the master and officers are concerned. It makes a difference only in the seamen.

Representative McDERMOTT. Then it costs as much to man one ship as the other. An English ship sailing from Liverpool to New York, requiring the same equipment of men that would be required by a ship from New York to Liverpool, would have about the same pay roll?

Mr. HOUGHTON. So far as the captain and officers are concerned, if under the same flag.

Representative McDERMOTT. If shipped under different flags, how then?

Mr. HOUGHTON. In the pay of the captain and officers?

Representative McDERMOTT. Yes; how much difference would there be?

Mr. HOUGHTON. It depends on the ship.

Representative McDERMOTT. Take any ship.

Mr. HOUGHTON. There would be a difference probably in the two men of \$50 or \$75 a month, or in the three, say, \$100.

Representative McDERMOTT. In the captain's pay?

Mr. HOUGHTON. The captain and officers combined.

Representative McDERMOTT. Now, what as to the crew?

Mr. HOUGHTON. There would be no difference in the crew at all if they were shipped here.

Representative McDERMOTT. If you ship here and the English vessel ships in Liverpool, would there be any difference?

Mr. HOUGHTON. If what?

A VERY MARKED DIFFERENCE.

Representative McDERMOTT. If the American ship ships its crew in New York and the English ship ships its crew in Liverpool, would there be any difference in the total pay roll for the crew?

Mr. HOUGHTON. Oh, yes; the difference would be very marked.

Representative McDERMOTT. What?

Mr. HOUGHTON. At times it would be double; for instance, when sometimes wages in Liverpool are two pounds ten a month, I have seen them here \$25.

Representative McDERMOTT. How do you account for that difference?

Mr. HOUGHTON. The association which regulates seamen's wages in New York simply says the wages are so much, and if you do not pay them you can not get the men. It is a sort of a trust.

Representative McDERMOTT. Are not wages on the other side governed similarly?

Mr. HOUGHTON. I think the wages on the other side are governed more by the number of men ashore.

Representative McDERMOTT. According to the law of supply and demand?

Mr. HOUGHTON. Yes, sir. The boarding house gets a lot of men in the house, and it wants to get rid of them. That gradually brings the wages down. If the men are scarce, up go the wages.

Representative McDERMOTT. You say, in the total equipment of a ship, it would make a difference of how much? I mean under ordinary conditions.

Mr. HOUGHTON. In wages?

Representative McDERMOTT. Yes.

Mr. HOUGHTON. If you refer to a sailing ship, I should say it would make a difference of \$100 a month.

Representative McDERMOTT. That will include officers and crew?

Mr. HOUGHTON. Just simply the captain and officers.

Representative McDERMOTT. How much for the crew?

Mr. HOUGHTON. I can not say that there is any difference in the crew when both crews are shipped in the same place.

Representative MINOR. Suppose one crew was shipped in New York and the other in Liverpool?

Mr. HOUGHTON. That is a hard thing to compute unless you know how many men there are on the ship.

Representative MINOR. Take it for granted that the vessels are the same size and have the same number in the crew.

Mr. HOUGHTON. If you ship a crew in England and a crew in the United States, there is always a difference of 25 or 30 per cent in their wages.

Representative McDERMOTT. And \$100 in the officers' pay?

Mr. HOUGHTON. Yes, sir; \$100 in the captain's and officers' pay combined.



## STATEMENT OF LOUIS LAVERGE.

Louis Laverge appeared before the Commission.

The CHAIRMAN. Mr. Laverge, have you sailed in both American and foreign ships?

Mr. LAVERGE. Yes, sir.

The CHAIRMAN. Kindly give the Commission the benefit of your experience as a sailor and shipmaster. Were you a sailor at one time?

Mr. LAVERGE. Yes, sir.

The CHAIRMAN. And a shipmaster now?

Mr. LAVERGE. Yes, sir.

When I started, Mr. Chairman, I was about 12 years old, on English cutters. I started running from Havre to Jersey and Jersey to Cardiff. At that time the boy was doing the biggest part of the work, I thought; had to do the cooking and everything. Then I went on French ships, and anybody who knows anything about French ships knows that then the men did not get much. Talk about quarters on American ships! It was something different on French ships. We had to sleep in hammocks in a forecabin that would leak.

As to wages, I started as a boy for 10 francs a month; that is \$2. Not only on French ships but on Norwegian and Swedish ships boys do not get any more. I know sailors on Norwegian and Swedish ships who get \$7 a month; the mate and chief officer, \$16 a month. Then I know about wages on English ships. We all know that the English ships pay more wages than the others; more than the French or the German. Of late the French ships have gone a little higher. First-class sailors will get 90 francs; that is about \$19.

I can not speak much in public—

Representative MINOR. Go right ahead.

## SHIPS WILL BRING SAILORS.

Mr. LAVERGE. I want to say that in my opinion you can not force a boy to go to sea if he does not want to. There have been no ships in this country. There is no country in the world, in my opinion, that can give a better chance to a boy in the merchant marine than this country can. I should say I belong here. I have been here thirty years now. When we have the ships here you will find that the boys will go to sea. There are better sailors in this country than I am, a great deal, but there is nobody who feels the way I do at seeing the way the American merchant marine has gone down. I used to sail, when I first went on American ships, from Mobile to Europe, to England, to Liverpool, and sometimes to the North Sea, and you would see American ships. I know ships are now larger and the steam does it entirely. There is no need of all those small sailing ships. We thought a ship carrying several thousand bales of cotton was a monster.

When we have the ships you will find the sailors. Suppose I start to go to sea—born American, I will say. I am a hustler. I will do all I can to get ahead. I get up, and by and by I get a license for second mate. That is for a steamboat. With that license I have to work one year as second mate. Now, there is hardly a company in New York that will give a boy or a young fellow with a license for second mate a job as second mate. He will not get a job as second

mate. He will get a job as third mate. When he comes to get a raise in his license, he is asked, "Have you been acting a year on this license?" He says, "No; I can not get a second mate's job." They say, "You have to work one year on it." He has to wait.

The owners, unless they know him well, want a man who has a master's license to go as second mate. If he has a license, and if he is lucky enough, he may get a ship. But to-day there are no ships. In the English merchant marine a man with a license can get on a ship and then get on another. In this country it is impossible. I have never been out of employment for a long time. I am going to sea now. I am master of an American ship built in the United States, but hauled up here for want of business.

#### AMERICAN FARE AND TREATMENT.

On American ships we can not come up to the English ships. Not long ago I was in Tampico. There were three or four English ships there; steamships. Talk about the treatment of sailors! I had to do with the same butcher and the same ship chandler that those English boats had. There was some difference in the bills for provisions. The Englishman would come up and get about ten or fifteen pounds of fresh meat. He would feed the sailors on salt meat and bread, etc. I had to buy as much as thirteen or fourteen dollars' worth of meat, perhaps more, while this man was spending about \$3.

Talk about leaving sailors in port! This man, if his sailors disagree with him, or anything, can go to his consul. The consul would take the man off and put him in jail. My men would not be afraid. In every way you can think of the Americans are better off. In one place we had to furnish everybody with ice. On an English ship they never see ice—I mean the sailors—and very seldom do the officers.

The CHAIRMAN. I judge from what you have said that in your opinion the American sailor is considerably better off than sailors on foreign ships?

Mr. LAVERGE. Yes, sir; undoubtedly.

The CHAIRMAN. So far as concerns their comfort?

Mr. LAVERGE. Yes, sir.

I was before the mast eight years. I signed articles for fifteen years before I could get to be master. I never had anything to do with boarding houses. I think a boy who behaves himself need not go to the boarding houses. I got it pretty tough, but when a boy is young he can stand a lot of kicks. The trouble in this country is simply that there are no ships.

In regard to giving encouragement to join ships, you will never do it unless there is some prospect of a young fellow getting something after he grows up.

The CHAIRMAN. Were you born abroad?

Mr. LAVERGE. I was born in France, but I have been living in the State of Maine since 1874, among a whole lot of sailors. In fact, they are all sailors—not now, because the ships went out of existence.

The CHAIRMAN. Have you any suggestions to make to the Commission for improving, by statute law, the condition of the American sailor? Do any valid grievances on his part occur to you?

## AMERICAN SEAMEN BETTER OFF.

Mr. LAVERGE. I do not think I could do any better myself. I think the sailors of this country are better off, a great deal better off, than in any foreign country.

Representative MINOR. What have you to say of the wages of American sailors as compared with those of other nations?

Mr. LAVERGE. You will find in the wages they get through and through, that there is at least 30 per cent difference in a ship. I find it that way. Talk about a foreign port! The minute your ship flies the American flag, you have to pay more wages, and I do not care where it is. That is my experience.

Representative MINOR. That is your experience?

Mr. LAVERGE. Yes, sir.

Representative MINOR. If two ships lying side by side, one flying the American flag and the other the German——

Mr. LAVERGE. The German gets it cheaper.

Representative MINOR. Are you sure?

Mr. LAVERGE. Yes, sir; I am. I have been in the foreign trade, and I know.

Senator MALLORY. You say they do that invariably. Would that happen in this country as well as in Europe? Take a German and an American ship in this port, in Boston, or in any other. Do you think the German ship in Boston would get a crew for less than the American ship?

Mr. LAVERGE. In a foreign port, as soon as it is found out that you fly the American flag, you have to pay more for the sailor. I shipped men in Quebec two years ago. The wages for seamen and firemen were £4 10s. We pay along here on an American ship \$37.50 and \$40. Those are firemen's wages. Right there in Quebec the wages were £4 10s. I had to pay £5 to get men. We were starting right from an English port, and I could not get the men for any less.

Senator MALLORY. That is all right; I understand that; but what I want to get at is whether an American ship would have to pay a greater rate of wages on a voyage from here to London for a crew shipped in New York than would an English ship or a German ship on the same voyage from New York. Would she have to pay more for her crew?

Mr. LAVERGE. I am not prepared to say. I have an idea that an English ship would pay the same amount of wages for sailors. That is because he is supposed to bring his men. There are very few that do not sign men in England.

Senator MALLORY. I know that; but sometimes it happens that they have to get a crew here.

Mr. LAVERGE. I think if an English ship or any foreign ship wants men here it has to pay the same rate of wages—not coast wages, but offshore wages.

## THINK THEY ARE WORTH MORE.

Senator MALLORY. Do you know why that is?

Mr. LAVERGE. It is because foreigners—I suppose you know all about that—when they get into this country, think they are worth more. In fact, I think a man is as soon as he gets here. Suppose I

take a sailor who has been all of his life on an English ship, or a Norwegian ship. The minute he comes aboard my ship here he is the first man to kick and quarrel; to claim that he does not get enough. At the same time that man has never received half of the treatment that he receives on an American ship. That is true. Any captain on any ship can tell you that. It has been my experience.

Senator MALLORY. Your idea is that as soon as a man gets to America and becomes acquainted with American customs he demands higher wages, and that that is the reason for the increased compensation paid here?

Mr. LAVERGE. Yes, sir; it is a feeling in anybody over here that he ought to have more money sailing out of this country.

Representative MINOR. Are not American crews more efficient?

Mr. LAVERGE. Yes, sir; I believe they do more work. When I used to go on sailing vessels we would carry sometimes, say, the same number of men, and we would get into port at the same time, and the Americans would be ready to put their cargo over the side before the others would be ready, by ten or fifteen hours.

#### WHY SHIPS ARE IDLE.

Representative MINOR. You stated that the ship of which you are master is laid up for want of business?

Mr. LAVERGE. Yes, sir.

Representative MINOR. What is the matter with the business?

Mr. LAVERGE. We can not run that ship in competition with other ships. We can not run it as against a Norwegian ship.

Representative MINOR. What trade were you in?

Mr. LAVERGE. We went to San Francisco last—from here to San Francisco and back.

Representative MINOR. You have not the business to make that trip?

Mr. LAVERGE. No, sir; there is business, but we can not do it.

Representative MINOR. Who has the business?

Mr. LAVERGE. The Hawaiian Steamship Line is doing that business at present. They are running a regular line. We are outsiders. We are tramps. They have a line.

Representative MINOR. That is an American line?

Mr. LAVERGE. Yes, sir.

Representative MINOR. They are Americans?

Mr. LAVERGE. Yes, sir.

Representative MINOR. Are you bothered with foreign ships taking business away from you?

Mr. LAVERGE. Yes, sir, we can not run; that is all. We are losing money. I am told so by the owners, and I know it is true, because I keep my eyes on the accounts.

Representative MINOR. What foreign ships have bothered you the most?

Mr. LAVERGE. Oh, I could not tell exactly. I suppose the Norwegian ships. They seem to take everything pretty low. I have no prejudice. I used to hear that when I was on sailing vessels. We had to let go the cotton carrying.

Representative MINOR. They will always starve everybody else to death anyway?

Mr. LAVERGE. Yes, sir.

Representative MINOR. But complaint has been made to me, or it has been charged, that many of our ships are compelled to lay up because of the fact that certain foreign ships that are subsidized by their governments can underbid them on freight and they can carry at a price which, including the subsidy, nets them a profit whereas if you run it would be at a loss. Do you know anything about that?

Mr. LAVERGE. We see the French ships. I have had many captains tell me it is not what they carry; it is what they get from the Government. We can not buck against a ship like that.

Representative MINOR. If there were no French ships subsidized, for instance, or any other ships subsidized by their governments, do you think you would be laid up now?

Mr. LAVERGE. We would not be, because we could afford to ask more for freight and get a better rate.

The CHAIRMAN. Captain Laverge, we are very much obliged to you for your testimony.

### STATEMENT OF LEWIS NIXON.

The CHAIRMAN. I am informed that Mr. Nixon, the naval architect and ship builder, is present, and we shall be pleased to hear from him.

Mr. Nixon appeared before the commission.

The CHAIRMAN. Mr. Nixon, you understand what this Commission is here for, I suppose?

Mr. NIXON. Yes, sir.

The CHAIRMAN. Will you give the Commission the benefit of your views on the general subject?

Mr. NIXON. Mr. Chairman, I was impressed with the fact that there might be a misapprehension on the part of the Commission as to the cost of ships, and I shall confine whatever I have to say entirely to the shipbuilding side of this question.

The first cost has been cited as one of the handicaps which must be overcome in order to upbuild our merchant marine.

The CHAIRMAN. Excuse me for taking the liberty to say to you that in addition to that expert testimony which you are going to give the Commission, we are very desirous of some information as to the remedy for rehabilitating the American merchant marine; and if you have any thoughts on that subject, I hope you will not forget to present them.

Mr. NIXON. I will give you my own opinions and ideas with a great deal of pleasure.

### PERCENTAGES MISLEADING.

In regard to the first cost of ships, a comparison by a percentage statement as to the cost of ships here and in England is very liable to be misleading. To say that a ship costs 50 per cent more here than in England naturally must be misleading, from the fact that we are probably not taking into account any of the conditions at all in making that comparison. In England to-day, if we consider the cost of ships, you will find a very great distress in the shipbuilding industry, and ships are low. It is true that here our shipyards are anxious for work, but most of them have a fair amount of Government work.

Again, a tramp built in England would be built in a yard that built nothing but tramps. If built here, it would be very apt to be built,

certainly if it were a large ship, in some yard where there was being built the type of the highest development of the shipbuilding art in America or any other nation—a battle ship or a man-of-war.

In other words, it would be built here in a yard where the organization was of the very highest grade, while if built abroad it would be built where nothing but tramps were built. Go to England, and if you want a battle ship you find that the Government goes to Armstrong. If you want a magnificent merchant ship you go to Harlan & Wolff. If you want a tramp you go to the yards that build tramps. Those boats have not a counterpart in America. We have not learned in this country that a ship can be too good for a certain trade. The consequence is that we build rather better ships than are needed.

#### SOME ACTUAL COMPARISONS.

You can, of course, get a good many comparisons. A number of years ago, when men were able to contract very low for ships abroad, the same specifications were a year afterwards brought here and sent to different shipyards in order to obtain a comparison with the prices abroad. When the shipbuilders knew that it was an earnest offering they got down to low figures. When it was known to be simply a tentative matter of figures the response must be regarded as generally misleading. The only actual comparison I know of where ships exactly alike have been built in the two countries is in connection with certain ships of the Atlantic Transport Line. I believe two absolutely identical ships were built—one here and one abroad—at a difference here of 25 per cent more. Shortly afterwards they ordered eight ships, four of them abroad, putting all four in one yard, and they ordered four on this side, putting two of them in each of two yards. The comparison at that time was about 41 per cent—from 40 to 41 per cent—advance in the cost of the American ship. Those are the only actual comparable statements that I have.

#### AN ECONOMIC WASTE.

You can understand, however, that if we have a demand for ships which brings about a condition where the American shipbuilder can engage in the industry in a proper way, this idea of building all kinds of ships in one yard must be done away with. I have known one great yard in this country where they had five slips, every one capable of building a *Lucania*, and they were building there at one time a steamer, a ferry boat, a tug, a battle ship, and a yacht. The Almighty himself could not practice economies under those conditions.

Take a yard that is well organized for this higher development, such as we build in the form of a battle ship, where work has to go on by slow stages, every step scrutinized most carefully by inspectors, where all the material has to be inspected, where there is the very highest style and skill of workmanship, where there are men of high grade, capable of designing and of executing such work, you can understand that when you throw a tug or a cargo steamer into such an organization you do it at the expense of the lower grade ship.

We have built battle ships, and I think that their prices have compared very favorably with what has been done abroad. I happen to know personally of one instance where bids were prepared for a foreign government for a vessel costing about \$8,000,000, including the guns, armament, and everything; and in that case the American bid, carefully considered, with a reasonably fair profit, was only \$30,000 more

than that of a foreign shipbuilder of reputation, and of a yard where they do the very best of work. That did not mean, however, that the two builders would make the same margin of profit.

Those who despair of our ever attaining a lead in shipbuilding in this country will tell you that when it comes to the cargo vessel we can not compete at all; that we might do it in high-grade work. But take locomotive works, where the wages paid here are higher than abroad, but where the constant demand has enabled the manufacturers to standardize and so to organize and equip their plants that they are able to produce in this country cheaper locomotives in spite of the higher wages.

#### WHAT THE STATES HAVE DONE.

Simply go out on the Great Lakes and you will find there vessels built which are admirably adapted to the service for which they are intended. They are of very large dimensions and are splendid boats for their kind. They are practically all of one kind. So a yard which builds a boat there can apply and direct its energies, its attention, and its brain to a like product all the time, and I do not believe that the boats built upon the Lakes, while of course they are not fitted for over-sea navigation, could be produced abroad at the same cost. Hence, if we have that kind of organization on the Lakes, where you can not build men-of-war at all, and therefore can not turn out that kind of product, and if we can reach the low price there, where there is a demand, where American ships are doing practically all the work, and where every yard can be kept, under general conditions of prosperity, full of work, this question naturally suggests itself. We have arrived there at a condition, in respect of building ships, which compares more than favorably with what they can do abroad. Hence, if we can reach the two extremes—the highly developed battle ship, with the complex and costly organization which is necessary to build it, and the lower tramp ship, which I may compare with the cargo ship or ore ship of the Lakes—there is no reason why, somewhere between, we can not also arrive at successful production in the other branch of the industry in this country.

#### THE HEART OF THE DIFFICULTY.

But the trouble is that we have not in this country a demand for ships. We do not build enough ships of various types to enable the different yards of this country to differentiate and specialize. In other words, we have no yard which signally stands out as devoted to the manufacture of men-of-war. But in time, if we have the demand, if the result of the labor upon which you are engaged shall be such as to bring about the demand and to remove the handicap under which the American shipowner is operating, then the American shipbuilder will arrive at such a stage that he will be able to compete very favorably with conditions abroad. He can not do it now. There is no question but that there is a difference of from 30 to 40 per cent in the cost of building ships as against this country. You can not ascribe that altogether to the difference in wages. We do pay higher wages.

#### WAGES AND MATERIALS.

We pay the same man when he comes from England more than he got at home; but we have a climate which in itself is a tonic, the men are not driven to stimulants under stress, and the men do more work

than they do abroad, and hence some of that larger wage is compensated for. In some grades of work in shipyards, such as driving rivets and other piecework, perhaps the amount a man will earn on the same unit of work is almost the same in the two countries. For joiners the wages here are probably double what they are abroad. That of itself is not altogether a proper comparison or one which will give you a proper estimate of the difference, because, as I say, there are a good many industries in this country in which the wages are much higher than they are abroad, where we turn out a product very much more cheaply than they do.

As to the cost of material, on the 29th of April, in the Middlesbrough district, England, the cost of ship plate was £6 7s. 6d., while here the pool rate was 1.70 to 1.73, which would be about \$38 and \$31 per ton, or about 15 per cent less in England than here, or more here than there—just as you choose to put it.

#### A SHIPYARD REVOLUTION.

Based upon the present demand for ships, if a man builds a ship here, in a yard with an expensive organization, a yard of the first class, with the entire overhead expense carried on one or two units, naturally the cost of the ship will run up here. We have had during the past two or three years almost a revolution in the time and in the wages of men, which has led to rather erratic figures in the cost of building. The men started with long-term contracts. They started in with a ten-hour day. The Government appropriated enormous sums for the Navy, practically doubling the work that was to be done by the commercial shipyards of the United States—I mean outside the navy-yards—and in that way created a demand for men. They had to be taken from bridge shops, machine shops, and drawn from other industries, of course at an increased wage.

They at once demanded shorter hours and more money, and, on account of the necessity of having them and the severe penalties attached for the failure to deliver ships on time, of course they got it. There was a change in the three years from ten to nine hours, and I have no doubt that the actual cost of building a ship has increased within the last three to four years 30 per cent at least.

#### A DEMAND FOR SHIPS.

But that I do not think is the question we have here, where we are doing a retail business as against a wholesale business in England. Where we will add 50,000 or 60,000 tons in the course of a year to our foreign-trade tonnage England will add eighteen hundred thousand merchant tonnage. If the American shipbuilder is to have an opportunity he must have it along the same lines that his competitor has, and that can be arrived at only by creating a demand for ships. I am satisfied that if the demand for ships is made you will find that the American shipbuilder will rise to the occasion and do just as he did before, many years ago, when our forests ran down to the water's edge and when we built ships of wood. At that time we produced them very much more cheaply than they could have been produced abroad. That day will come some time. Even now the American shipbuilder does not ask bounties or other aid, but only a demand for his product; given that, he will produce the ships at a cost which will



not make the first cost a serious consideration or handicap to ownership of vessels, and eventually he will produce them as cheap or cheaper than his foreign competitors.

Of course we ought to buy our steel here as cheaply as it can be sold abroad. It is true we have the right to import steel free at present if we wish to, and a great many people say, "You can go abroad and buy the material and get a rebate." They do not know the difficulties, the heart-breaking difficulties—the chances of the boat being belated, the chance of delay in shipment, and the chance of ship plates being bent and angles distorted. Our experience at the times when we have imported materials from abroad has not been such as to encourage us to do it any more. We have been willing to pay more because we have been able to get our work out more quickly. Still, everyone must admit that there is a stupendous difference in the cost at present. I believe with the demand for ships we can overcome that.

#### THE TARIFF ON PLATES.

Senator MALLORY. Do you think it would help the shipbuilder any in reducing the cost of his product if we took off the tariff on plates and other steel material used in building ships for the coastwise trade?

Mr. NIXON. The coastwise trade? It would help us if you took the tariff off of anything. Anything you take the tariff off of will be cheaper.

Senator MALLORY. It was said here to-day that the difference in material is 40 per cent.

Mr. NIXON. I gave you an actual quotation as of the 29th day of April.

Senator MALLORY. You do very little building for the foreign trade? Most of it is for the coastwise trade?

Mr. NIXON. Yes, sir.

Senator MALLORY. There is considerable building of that kind done along both the Atlantic and the Pacific?

Mr. NIXON. Yes.

Senator MALLORY. If you could get your material brought in here at a reduced rate, would that not tend to reduce the cost of producing any ship, whether for the coastwise or foreign service?

Mr. NIXON. I think so; undoubtedly.

Senator MALLORY. There is another question. Some years ago we were shipping steel plates to the Clyde. As I remember, we had some very good evidence to that effect before Congress. Quite a large contract was made, and it was said that we were underselling the British steel-plate makers on their own ground. Do you remember whether or not that was correct? That was about four or five years ago.

#### PRICES OF MATERIALS.

Mr. NIXON. I heard the statement at the time. I have no doubt that some contracts were placed in this country. I merely had to take the statement as I saw it printed. I had no connection with it.

Senator MALLORY. Since then these plates have gone up so that at the present time there is about one-third difference?

Mr. NIXON. They are selling approximately at \$38 a ton here as against \$31 there. But that is the price here for American materials. Undoubtedly American material can be bought in England very much more cheaply than here at present.

Mr. JOHN CRAIG. Allow me to correct you with respect to the price as it is there to-day. I was there eight days ago. Steel plates were then worth £5 12s. 6d. per ton of 2,240 pounds, which makes it less than \$26 a ton of 2,000 pounds, as against \$34, the price here.

Mr. NIXON. I took the figures out of "Engineering," of London, an engineering journal, showing the price in the Middlesborough district.

Senator MALLORY. What is the authority for your statement, Mr. Craig?

Mr. CRAIG. The quotation I myself got in Glasgow for material, to be imported here if it was possible to do so. That was only eight days ago. I left Glasgow a week ago—

Mr. NIXON. What was the quotation for like material here?

Mr. CRAIG. Thirty-four dollars for 2,000 pounds, while it is only \$28 for 2,240 pounds there for the same quality of material.

Mr. NIXON. I have no doubt for a firm offering we could get it lower here.

Mr. CRAIG. We could not get it for any less.

Mr. NIXON. I know there is a pool rate.

Representative McDERMOTT. What is the tariff rate?

Mr. NIXON. I do not know. There is no question but that we are suffering from high prices in material and have been for a number of years.

The CHAIRMAN. What are your suggestions as to the remedy for the existing condition of the American merchant marine?

#### PROVIDING A CUSTOMER.

Representative McDERMOTT. Before you go into that, if we have to pay a higher rate for plates made in this country than we would have to pay if we imported them, and the Government enters into a ship-subsidy project, it will then be providing a customer for the protected industry of this country which makes those plates?

Mr. NIXON. Yes.

Representative McDERMOTT. That industry then can sell those plates abroad cheaper than they are to-day sold to the American users, and the subsidy paid so as to enable the ships to be built on this side would result in the final analysis in the Government of the United States protecting the manufacturers of the plates out of the Treasury of the United States and providing the customer who is to use those plates. Is that so?

Mr. NIXON. As near as I can follow you.

Representative McDERMOTT. Let me illustrate it. The plates you import would cost \$28 a long ton. Plates made here are sold at—

Mr. NIXON. At \$38.

Representative McDERMOTT. At \$38. The importation is prevented by a tariff duty.

Mr. NIXON. No; you may import them or other material for the foreign trade and get a rebate. There is free trade in plates now for the foreign trade.

Representative McDERMOTT. Oh, I mean for any trade.

Mr. NIXON. I thought the inquiry referred to the foreign trade.

The CHAIRMAN. Entirely.

Representative McDERMOTT. There is no duty when they are used in the foreign trade.

Mr. NIXON. No; you get a rebate from the Government.

Representative McDERMOTT. Then why do you not import them?

Mr. NIXON. I told you why as a practical question we did not.

Representative McDERMOTT. Because of these inconveniences of detail?

BETTER MATERIALS HERE.

Mr. NIXON. That has been to a large extent the reason. Then we get better materials here by far. We know the people who furnish the material, and we know just how we can depend upon them for deliveries. The handicap of a greater price could be done away with by importing, but it has not been expedient.

Representative McDERMOTT. Then the tariff in no wise affects the cost of the plate as you use it?

Mr. NIXON. Undoubtedly it affects it. The tariff has an effect upon everything else you buy. Plates are not the only things that go into a ship.

Representative McDERMOTT. As to the plates, they are not affected by the tariff in any wise?

Mr. NIXON. I think they are.

Representative McDERMOTT. If you get a rebate of the duties, how does the tariff affect you?

Mr. NIXON. Because we are practically driven to buy our material and our labor in American markets. We can not go to work in building American ships and buy our material 3,000 miles away. It is not practicable.

Representative McDERMOTT. Then it is not the tariff that does it. Practically there is no tariff on the plates you use in American ships to be used in international commerce—

Mr. NIXON. Yes; but our shipyards can not depend upon international commerce.

Representative McDERMOTT. Then there is a reason extraneous of the tariff why you do not purchase your steel plates abroad?

Mr. NIXON. Not altogether. I have no doubt that if we were to have an enormous order, requiring thousands of tons, we could charter a steamer and bring the material here. I am merely reciting to you the practical difficulties which in the past have worked against us and seem to incline the shipbuilder not to import.

Representative McDERMOTT. What I want to get on the record is the fact that it is not chargeable to the tariff.

Mr. NIXON. It would be rather a complex problem for anybody to work out in his mind.

Representative McDERMOTT. Your proposition is this: American plates can be sold abroad, or are sold abroad, for some business reason, at a less price than they are sold here?

Mr. NIXON. Yes.

Representative McDERMOTT. Plates of equal quality, but of foreign manufacture, can be imported for less than you can buy domestic plates here?

Mr. NIXON. Yes.

Representative McDERMOTT. You pay in the first instance a tariff, imposed for the purpose of giving employment to American labor, and the Government allows you a rebate?

Mr. NIXON. Yes.

## THE TARIFF INFLUENCE.

Representative McDERMOTT. How does the tariff increase the cost of the plates in American ships if that proposition is true?

Mr. NIXON. In an individual instance, if you chose to import the plates, it would not increase it at all, but it has influence upon the cost of all the material and labor that go into the ship.

Representative McDERMOTT. You speak of the general tariff idea?

Mr. NIXON. Say you were to build one large ship where you had to buy your material here and another for which you imported the material. You would at least pay for the two ships a larger sum than the actual net rate you could get abroad. It would be very hard to differentiate and tell just what it affects—

Senator LODGE. If you took the tariff off steel, it would cheapen the cost of a ship for the coastwise trade?

Mr. NIXON. If you took off the tariff from all steel whether used in ships or not.

Senator LODGE. Of course, it would affect you on vessels built for the coastwise trade?

Mr. NIXON. I think it would.

Senator LODGE. You have a monopoly of the coastwise trade. You have no foreign competition to meet.

Mr. NIXON. Precisely.

Senator LODGE. When you come to building for the foreign trade, you have foreign competition. If I remember the tariff law, all material used in the building of a ship for the foreign service can be imported practically free of duty; the Government rebates the tariff?

Mr. NIXON. Yes, sir.

The CHAIRMAN. My attention was attracted by an observation you made a moment ago which I have heard from others. That is, as to the superior quality of American steel.

Mr. NIXON. It is very much better steel.

The CHAIRMAN. The American steel is very much better?

Mr. NIXON. Yes, sir.

The CHAIRMAN. That is one reason why you do not import foreign steel?

Mr. NIXON. A good many of the foreign tramps are built without any test, or it is a nominal test. Here most men who are going to build a large ship have their own inspectors to see that it is carefully built.

## THE EFFECT ON RAILROADS.

Senator MALLORY. If the rebate which is allowed on material for vessels for the foreign trade were also given with respect to materials imported for the construction of vessels engaged in the coastwise trade, would it not, in your judgment, lower the first cost of the vessel and tend to increase the number of vessels built here? In other words, would not cheaper vessels for the coastwise trade tend to give more business to our shipyards?

Mr. NIXON. I do not know as to the coastwise trade; but so far as the foreign trade is concerned, if you gave the people the ships they probably would not be able to run them profitably.

The CHAIRMAN. Having a monopoly of the coastwise trade, is it not fair to assume that the shipyards of the country are supplying the demand?

Mr. NIXON. They are; but as I understood the Senator's question it was——

The CHAIRMAN. Vessels would not be built if there were not a demand for them.

Mr. NIXON. People might take a chance. Certain people might think that a particular line was making a little more money than it ought to and get into competition with it. It is very hard to tell. It would be only speculative.

Representative MINOR. The Senator's idea was to apply protection on one end of the line and free trade on the other.

Mr. NIXON. How is that?

Representative MINOR. We have a monopoly of the coastwise trade.

Senator MALLORY. I hardly think that was my intention. I think if the shipyards could build more cheaply they would be likely to have more business, whether coastwise or foreign.

Representative MINOR. A ship built of foreign material can not be used in the coastwise trade.

Senator MALLORY. Not under the present law. I was supposing that you applied the rebate law to the coastwise trade. Would it not increase the business of the shipyards if they had the ability to produce a ship for considerably less than they are doing it for now? In other words, would it not stimulate investment in coastwise ships as well as in foreign ships?

Mr. NIXON. If you are talking about free trade in materials, I do not believe that lopping off the tariff as to some little industry here would help us very much. I think you would have to apply it all along the line.

Senator MALLORY. You mean all along the line on everything?

Mr. NIXON. Yes.

Senator MALLORY. I am speaking of shipbuilding, which seems to be suffering.

#### EVERY TRADE INTERESTED.

Mr. NIXON. It takes in almost every other industry. Every calling, profession and trade is called upon in the construction of a ship. I do not see how you can say "it makes no difference as to what you sell to the man with the bridge shop," and then simply open the door a little way and say "all that you put into a ship shall be free." But my answer is only speculative.

Senator MALLORY. You think it is a good thing, as affecting vessels for the foreign trade built in this country, that all materials shall come in free, practically?

Mr. NIXON. That law has been on the statute books for a good long time, and a good many boats have been built here for the foreign trade, and the steel has not been imported. Ours are just as good business men as you will find abroad, and they have not found it expedient to import their steel. As to the theory which governed them in refraining from doing so, I can not tell you.

Senator LODGE. Suppose we took off the duty on shipbuilding materials?

Mr. NIXON. It would mean taking the duty off all articles raised or manufactured in the world.

Senator LODGE. And also have free ships.

Mr. NIXON. In the coasting trade?

Senator LODGE. Have free ships and free material.

Mr. NIXON. I do not believe you can do it. There enters into a ship practically every product of human energy—of the hand and of the brain.

Senator LODGE. Suppose it was entirely free—no tariff and free ships. Suppose there was no protection for ships?

Mr. NIXON. If we had no protection at all, we would depend upon our own natural resources and our own American enterprise and get along just as well without it. The shipbuilder would look after his own salvation.

Senator LODGE. If you had all your materials free, you would not object to free ships?

Mr. NIXON. If everything else were free, labor should be free. We are building ships not only in a market protected for material, but in a market protected for labor. So, unless you give us free trade in labor as well as in material, I do not see how you can accomplish it, as free trade in material would be followed by free trade in labor.

#### A REBATE FOR THE COASTWISE TRADE.

Representative McDERMOTT. What would be the effect on railroad competition if you allowed foreign-built ships, owned by American citizens, to have American registration if manned by American crews and used in our coastwise trade?

Mr. NIXON. It is only a matter of opinion. I am not an expert railway man, but I should think it would injure the railroads very much.

Representative McDERMOTT. You think it would injure the railroads?

Mr. NIXON. Yes.

Representative McDERMOTT. But benefit those who use the railroads?

Mr. NIXON. Not necessarily.

Representative McDERMOTT. Do you think it would be an injury to the extent that it would depreciate the condition of the roads?

Mr. NIXON. The railroads end at the water, but of course there are a good many railroads having intimate relations with ships.

Representative McDERMOTT. The first effect would be in competition, because your ships could be built cheaper and therefore could afford to give greater competition with the railroads of the country than they do to-day.

Mr. NIXON. They might do it, but you must remember that a large proportion of our coasting vessels are not such as want to cross the ocean.

Representative McDERMOTT. I am not talking about crossing the ocean.

Mr. NIXON. If built to cross the ocean, they would have to—

Representative McDERMOTT. A number of vessels which are in the coasting trade could not be taken across at all.

Mr. NIXON. If some one thought that given lines in certain directions were making more than they ought to, it probably would foster some such competition as that.

Representative McDERMOTT. That would lower the rates of the railroads where they compete with water carriers?

Mr. NIXON. Yes, sir.

Representative McDERMOTT. Have you ever made any calculation as to how far that would go?

Mr. NIXON. There are certain kinds of freight which, to be carried

at all, must be carried at a very low rate—bulky material—and they have to be carried by water. If a railroad wants to serve a certain manufacturing industry, in order to carry its raw material at all the road must carry it at a loss, simply to cater to the trade along its route, and then attempt to get it back, probably on some sort of finished material, after it has delivered the raw material. So it is very often advantageous to a railroad to have a canal or other waterway that can take care of bulky trade which, if there was no water connection, it would be forced to carry possibly at a loss or at best at a nominal profit.

#### THE FOREIGN SUBSIDIES.

Senator LODGE. How much advantage do you think the various systems of subsidies adopted by foreign governments in one form and another give to their shipping as against ours?

Mr. NIXON. Roughly speaking, about \$26,000,000 a year, which handicaps us to that extent.

Senator MARTIN. How much is it—\$26,000,000?

Mr. NIXON. Twenty-six million dollars in the aggregate. That is for all nations, in the aggregate.

Senator MARTIN. Foreign governments pay in the aggregate \$26,000,000 in their traffic with all nations?

Mr. NIXON. Certainly. If we started a subsidized line to any particular port, they would if necessary raise their subsidies. They have the good will of the trade—

Senator MARTIN. I suppose you have not made any calculation to show what proportion of the \$26,000,000 is paid out to ships trading with America?

Mr. NIXON. Not lately. I did have it once. It is all in the report of the Commissioner of Navigation.

Senator LODGE. Do you think that those aids to navigation, the subsidies given by foreign governments, increase the demand abroad for ships?

Mr. NIXON. They increase the demand abroad for ships and they cause a certain amount of shipbuilding. Take the French system of bounties—

Senator LODGE. The French give a direct bounty on construction.

Mr. NIXON. They do; and a great deal of wheat is carried from San Francisco and our western coast in French ships.

Senator LODGE. An increased demand for ships would be a direct benefit to the yards, by enabling them to make models and to standardize?

Mr. NIXON. Certainly. If there is a steamship line which is necessary for the extension of its trade, so far as concerns a foreign government, it is free to go and start up such a line.

There are different political conditions existing. They are broader, and executives have more latitude than we have. The consequence is there are some things we can not do.

You asked me a question as to subsidies. The subsidy is an extension, pure and simple, of the principle of protection. In the one case the amount paid by the man is hidden while in the case of the subsidy the Government gives you a specific amount. It is a little more obvious and bolder.

Senator LODGE. What do you think would be the best way to meet foreign subsidies?

## FOR DISCRIMINATING DUTIES.

Mr. NIXON. There have been a number of ways suggested, but the trouble is we do not try them. The only one that has behind it the logic of actual success is the system of discriminating duties introduced by President Madison. A good many theorists can show by theory that subsidies will build up the merchant marine as well as discriminating duties actually did build it up.

Senator MARTIN. If we were to meet the foreign subsidies we should have to do still more in order to meet the difference in the cost of construction and operation.

Mr. NIXON. That is what I understand the subsidy is for.

Senator MARTIN. As I understood the question, if we were to figure out the amount of subsidies given by foreign governments and received by vessels trading with America, and were simply to meet it, we would not have found a remedy. In addition to giving as much subsidy as the foreigners pay, we would have to pay an amount to equalize the increased cost of the ship and the increased cost of maintenance and operation as compared with those costs on foreign ships.

Mr. NIXON. No; it was not a question of meeting the subsidy. It was the question of meeting the handicap—the greater first cost and greater wages. I firmly believe the first would work itself out after the demand for ships became constant. But in order to remove the handicap of the greater wage you need something. Whether it is discriminating duties or not is the the question.

One great point which everyone has brought out is that they want to develop the cargo carrier. If you take a 10,000-ton ship carrying coal, her whole cargo might not be worth \$25,000, while a thousand tons on a great liner might be worth \$250,000 or \$300,000. It is very hard and to the layman misleading to go on the cargo.

Senator LODGE. Discriminating duties are an immense benefit to a certain class of freight and very little benefit to another.

Mr. NIXON. What we call package freight.

## DUTY OR SUBSIDY?

Representative McDERMOTT. What is the difference in the final result to the Treasury of the United States between discriminating duties and a direct subsidy paid out of the Treasury?

Mr. NIXON. I do not know.

Representative McDERMOTT. It is a difference in name.

Mr. NIXON. No.

Representative McDERMOTT. What?

Mr. NIXON. Oh, no; I should not say so.

Representative McDERMOTT. What are the differences?

Mr. NIXON. You get a lower rate, and on your material you get a lower tax, surely, and above all you drive trade to the American bottom with discriminating duties.

Representative McDERMOTT. Illustrate the point in the case of discriminating duties by the importation of a thousand dollars worth of goods.

Mr. NIXON. On a thousand dollars worth of goods, if the duty on those goods was \$400 and you took off 10 per cent, it would be \$40 on every thousand.

Representative McDERMOTT. What is the difference between doing that and paying \$40 out of the United States Treasury? What is the



difference between maintaining your duty as it is at present and paying \$40 out of the United States Treasury to the owner of the vessel, and the other system of allowing him \$40 when the vessel arrives at this port?

Mr. NIXON. Of course the subsidy is not on the amount of material you import.

Representative McDERMOTT. You may make it so.

Mr. NIXON. It would be difficult. If a ship is making regular voyages, carrying the mails, holding herself in readiness as an auxiliary cruiser, and potentially being valuable to the Government, she must take passengers at a certain time; she must make mail connections, and if she has only a third of a cargo she has to sail. Now, in the case of discriminating duties, the boat that brings the material is the one that gets the rebate and the advantage. Subsidies are going to be rather hard of democratic application. There is a certain amount of favoritism in subsidies, and it is going to be almost impossible to avoid such favoritism.

Representative McDERMOTT. Can you imagine a rule for differential duties that I can not parallel with the subsidy system?

Mr. NIXON. You may be very ingenious in working it out. I have no doubt that theoretically you can do it.

Representative McDERMOTT. In the one case you pay the money into the Treasury and take it out again, and in the other case you simply let up on your duties.

#### HOW DISCRIMINATION WOULD WORK.

Mr. NIXON. Suppose you form freight connections abroad. Under the ordinary subsidy we know who would get it. But take champagne or silk and give a rebate of a certain amount of the tariff to the American ship which brings them in. It drives all those freight connections and all those people right to the American ship. Every commission merchant in town will be keenly eager to get his merchandise on board the American ship. I think there is quite a little difference. You would have a little trouble in paralleling it, the ramifications being so great.

Representative McDERMOTT. Continue your illustration in the case of champagne.

Mr. NIXON. I am talking about package freight, which is of high grade and which runs up very high to the ton.

Representative McDERMOTT. With discriminating duties we have a schedule of duties, and in its application to package freight we make certain deductions, if it is brought in American bottoms. If those deductions are not made the full tariff will be paid into the Treasury, and we can allow it as a subsidy. That allowance of subsidy will make the owner of the ship just as keen to get the business as the other system.

Mr. NIXON. I do not think so. With discriminating duties you pay the man who does the work.

#### THE RELATIVE COST.

Senator LODGE. It is a very important question as affecting the United States Treasury. It is not a question as to who pays the money. Assume, now, that you make a reduction of 10 per cent on goods brought in American built and owned vessels. Our revenue from

imports, in round numbers, is about \$350,000,000. If the total imports were brought in American vessels it would mean a loss to the Treasury of \$35,000,000.

Mr. NIXON. Yes, but if we were to build up the merchant marine—

Senator LODGE. If you bring half of it in American vessels it would be seventeen and a half million dollars that you take out of the Treasury. Suppose we gave to our merchant marine as heavy subsidies as France does to hers. How much would it amount to out of the Treasury?

Mr. NIXON. I suppose it would amount to about twelve or fourteen million dollars.

Senator LODGE. Eight million dollars the Commissioner of Navigation reported.

Mr. NIXON. Eight or nine million is what was called for under the Hanna bill.

Senator LODGE. Nine million dollars under the Hanna bill.

Mr. NIXON. Yes.

Senator LODGE. That is the highest amount which has been proposed.

Mr. NIXON. Yes.

Senator LODGE. So far as concerns the effect on the Treasury of discriminating duties, that system would take about twice as much?

Mr. NIXON. It would reduce the taxes enormously.

Senator LODGE. Now, here is another point on the matter of discriminating duties. One of these great American liners, bringing package freight of great value, would of course make an immense saving in duties.

Mr. NIXON. Yes.

#### AS TO THE SOUTHERN TRADE.

Senator LODGE. And there would be a rush to her, such as you spoke of. But we are especially anxious of course to build up our trade with the countries south of us. Now a large proportion of the imports from Brazil for instance, coffee and rubber and articles of that sort, come in free.

Mr. NIXON. Undoubtedly.

Senator LODGE. And then there are hides, which come in with a very low duty. The ships bringing those articles would get nothing. There would be no inducement to put an American ship in that trade.

Mr. NIXON. You get back to the old slogan of tariff for revenue. It might be necessary to impose a duty. That is for you people in legislative halls to work out.

Senator LODGE. Unless on articles now free you put a duty when brought in foreign ships, there would be no inducement to American ships to enter the trade.

Mr. NIXON. There is no question about that.

Representative McDERMOTT. You say that with discriminating duties the foreign shipper will seek the American ship.

Mr. NIXON. I did not say that. I said there would be a strong tendency to ship under the American flag.

Representative McDERMOTT. Why?

Mr. NIXON. Because it would be the cheapest.

Representative McDERMOTT. Why any cheaper?

## ASSURED CARGOES, LOWER RATES.

Mr. NIXON. Because with assured cargoes, if necessary, we could make the rates cheaper. And if you have lower rates on those ships, every one would want to ship on them. They could charge the same rate of freight that the other man did, but—

Representative MCDERMOTT. Where would there be anything to encourage American shipping in that proposition?

Mr. NIXON. It would give them business which they have not now.

Representative MCDERMOTT. You have allowed to the importer the differential duty. Unless that duty accrues to the owner of the ship it will not benefit American shipbuilding at all. Therefore, if there is any percentage of that differential—

Mr. NIXON. It did do it in the olden times.

Representative MCDERMOTT. If any portion of that differential duty induces business in foreign countries because it lowers the rate of carriage at all, it can not accrue to the benefit of the American ship, or at least that portion of it can not. Therefore you will be giving some percentage of your differential to the owner of the ship or the line that owns the ship, in order to secure customers abroad.

Mr. NIXON. Do you suppose that if there was a demand for tonnage, they would not jack up the rates, which would help the ships?

Representative MCDERMOTT. I have no doubt it would, and I have no doubt a direct subsidy would help ships; but as I say, as to that portion of it which becomes a factor in obtaining business for American ships, it has nothing to do with the two questions which you say are involved—one the prime cost of building a ship, and, second, the cost of maintaining it.

Mr. NIXON. If you have to run your ships with half cargoes, with discriminating rates on railroads there—

Representative MCDERMOTT. I am not talking about that. I want to get at what the system does.

Mr. NIXON. It gives business to the American ship.

Representative MCDERMOTT. It gives business to the American ships in three ways—first, by enabling the American capitalist to build the ship; second, by enabling the American capitalist to man the ship and put it in commerce; and, third, by enabling him to devote a portion of the differential duty to the seeking of a cargo abroad.

Mr. NIXON. Certainly if does; and to-day we have not those ramifications. We have not those established freight connections throughout Europe. The other companies have them. There is not the opportunity for young Americans abroad at the points to which we are shipping on American ships. That is what we want to build up. We want the business.

## A THIRD FACTOR.

Representative MCDERMOTT. In the system of differential duties you must have a third factor or else there is no difference whatever between the idea of differential duties and a direct subsidy.

Mr. NIXON. If we drive the trade to American ships, the trade will be profitable, and if the ships have to raise the rates, they will be raised, but we shall in that way get a demand for ships which will remove the building handicap, and with assured trade in American bottoms warranting the application and establishment of economical

methods going with large undertakings, we should gradually remove even the increase cost of running vessels.

Representative MCDERMOTT. You must have the third factor as affecting the foreign shipper. There is nothing in a direct subsidy to enable the investment of American money in ships and to meet the difference in wages—

Mr. NIXON. Not unless you can give them some advantage.

Representative MCDERMOTT. Which would induce foreigners to ship in our bottoms?

Mr. NIXON. Not at all.

Representative MCDERMOTT. But under the proposed differential tariff you have a third element, small or large, that will enable our shipowners to say to customers abroad, "We will ship for less than your home ships, and our Government will pay the difference." That is the third factor which enters into differential duties.

Mr. NIXON. It is a factor.

The CHAIRMAN. Is not this about it: If goods can be shipped on American vessels for 10 per cent less tariff duties here than if shipped on British or German or French vessels, the American ships will be likely to get the business?

Mr. NIXON. That is what I say. We want to drive the business to American bottoms, which will give us American ships.

The CHAIRMAN. Furthermore, is it not a fact that in that event you might possibly shade your prices for carriage a little?

Mr. NIXON. No, you would be able to put them up. That is the great advantage.

The CHAIRMAN. I mean to shade them up, not down.

Mr. NIXON. Yes, sir.

Senator MARTIN. Even if the freight rate were a little higher, the shipper would insist upon his goods being brought on the American lines?

Mr. NIXON. Yes, sir; he would insist upon it.

Senator MARTIN. As long as there was any margin of profit he would require his goods to come on an American line?

Mr. NIXON. People will get what they want. If the shipper or the importer wants his goods to come here by a certain line, he will order them shipped that way.

Representative MCDERMOTT. I do not want to tax your patience.

Mr. NIXON. I am very patient. I am only too glad to give you any information I can. But I am not an expert on the tariff.

#### THE RISK OF REPRISALS.

Representative MCDERMOTT. You are a very good one. You have that third factor. Now, your differential duty will apply to the cargo carried one way. Can you imagine any nation in the world that would not adopt some system of reprisals which would defeat any attempt through differential duties to build up the American merchant marine?

Mr. NIXON. We do not mind their reprisals. England can not afford to interfere with the importation of breadstuffs and cotton, the factors of return cargoes. We must have return cargoes. That is the secret of success on the ocean.

Representative MCDERMOTT. You would undoubtedly encounter a system of reprisals.

Mr. NIXON. Yes, undoubtedly; but you make it to the advantage of the importer to bring his goods——

Representative MCDERMOTT. What is going to result?

Mr. NIXON. You will bring a large quantity of goods here on American boats. Those boats will center at New York, for instance. The trains leave here distributing those goods throughout the United States. Naturally there is going to be a flow back of all sorts of products, and the ships will get their share. If you help them at least one way, they will take care of themselves on the other side. They can compete with the other fellow when they have the advantage one way. Let them hustle with the other fellow. They would do it. Many vessels come to New York in ballast to get a return cargo.

Senator LODGE. Under the general conditions of the treaties——

Mr. NIXON. The favored-nation clause?

Senator LODGE. No. I am referring to the clause that prevents discrimination in duties.

Mr. NIXON. In the commercial treaties?

Senator LODGE. The treaties have a clause preventing discriminating duties.

Mr. NIXON. In other words, you give them the same privilege they give us.

Senator LODGE. Yes. The treaties are against any discriminating duties. If we abrogate those treaties and put on a discriminating duty here, is it not but natural to suppose that the nations with which we have such treaties and abrogate them will immediately do the same thing on goods going into their ports?

#### BELMONT AND SULZER BILLS.

Mr. NIXON. That has been suggested. It might be the start of a commercial war. Mr. Oliver Belmont in the last Congress and Mr. Sulzer in the present Congress introduced discriminating duty bills. Mr. Belmont's bill was well thought out and favored certain classes of vessels to the degree that was desirable in our merchant marine. This was a decided advance over the original discriminating duty bill.

Mr. Sulzer's bill went further, and in a very ingenious way avoids the abrogation of treaties by only discriminating on freight in indirect trade; that is, discrimination only holds on a foreign vessel bringing goods from a country different from its own.

Mr. Belmont's bill provided also for rebates in tonnage taxes and required considerations for Americans in the crews.

Representative MCDERMOTT. The last question I have on that line is this: What is the percentage of exports to imports that you would carry in American bottoms? In other words, if there was a 10 per cent retaliation by France, what would be the effect on the exports of this country, in dollars and cents?

Mr. NIXON. No one could tell. It would be only a guess.

Representative MCDERMOTT. You give a 10 per cent differential on goods brought from France to the United States in American bottoms. France retaliates and imposes an additional duty of 10 per cent on goods brought to France in American bottoms.

Mr. NIXON. If the Senator will permit me to use an illustration in his own locality, New England, I think almost the same thing will apply here. We can all remember when clocks and nutmegs were produced in New England cheaper living drew these industries to the West. It is the same thing in Europe. They must have cheap food

stuffs and cheap raw material. I do not think they would dare to discriminate against us. It would simply help things here.

Senator LODGE. France imposes duties on breadstuffs.

Mr. NIXON. I know she does, but she would not increase those duties simply to make the articles dearer to her people.

#### THE POSTAL SUBSIDY LAW BENEFICIAL.

The CHAIRMAN. I wish to ask a question, Mr. Nixon, on a little different line. You are familiar, I suppose, with the statute of 1891?

Mr. NIXON. Do you refer to the postal act?

The CHAIRMAN. Yes.

Mr. NIXON. I am.

The CHAIRMAN. Am I correct in assuming that that so-called "subsidy," no matter what you term it, has saved some American lines from annihilation?

Mr. NIXON. I think so, and started new ones, though it is not a subsidy act.

The CHAIRMAN. What have you to say with respect to an amendment of that act so as to increase the allowance for carrying the mails?

Mr. NIXON. The only criticism of that which suggests itself to my mind is in the Democratic application of aids to American shipping. I should like to see whatever is to be given to American shipping given in such a way that no privileged person could get it. If you are going to advertise for a mail service on a new line, there is going to be certain competition, and possibly certain favoritism may result, and I do not think the American people like that sort of thing.

If you can get up a bill which will give to the American merchant marine encouragement of such character as does not bring about anything in the nature of special privileges, I think you will achieve the result very much better.

The CHAIRMAN. Suppose we can not get it? To use the phrase of an illustrious "citizen, it is a condition and not a theory that confronts us."

Mr. NIXON. It would undoubtedly start up a number of lines if you extend the provisions of the present postal act.

The CHAIRMAN. Let me elaborate that question a little. There has been, as I recall, no very severe criticism of that statute?

Mr. NIXON. That statute has been altogether good for the American people.

The CHAIRMAN. It has been on the statute books thirteen years.

Mr. NIXON. Probably no statute passed since the war has done more good.

The CHAIRMAN. Is it your opinion as a practical shipbuilder that, if we can not reach the ideal condition in trying to solve this question, we might get relief by an amendment to that statute?

Mr. NIXON. Yes; on the theory that half a loaf is better than none. If you expand the postal act, I have no doubt it will attract new lines of steamers, but its value as a builder up will be limited both as to time and vessels.

#### MAIL LINES TO SOUTH AMERICA.

Senator MALLORY. Do you not think that in the event the Commission should decide to adopt a differential-duty plan it would be advisable to have mail-subsidy lines with South America? We have

at present no trade with South America that is not more or less free trade. The differential would not count in that trade.

Mr. NIXON. All the attempts to run down there under Government protection have been rather disastrous to the men who put in the money. Possibly a discriminating duty bill as forcing trade in American bottoms might work better.

Senator MALLORY. I wish to call attention to one fact. We have endeavored to put on fast ships and ships that were really as much passenger ships as freight ships. I was going to suggest whether it would not do, in the event the Commission should take a favorable view of a moderate mail subsidy for certain lines in the world, to say "for vessels of not less than 12 knots;" to put the limitation at 12 knots instead of providing for the very fast vessels. I do not think it would make a great difference whether the mails were slower by three days between Rio and New York, the difference between a 12 and a 20 knot ship. Would there be any objection to limiting it to 12 knots? That would enable you to build ships for that trade which would be cargo ships principally and at the same time they would get the benefit of the mail subsidy.

Mr. NIXON. That is what I was going to say in response to the chairman's question. That act has developed only one type of ship—the mail steamship. We want to develop all kinds. We undoubtedly want the great cargo-carrying vessels.

#### OUR NEED OF SAILORS.

There is another point which has not been touched upon at all, and that is the question of the manning of these ships. Mr. Jefferson, in one of his best sayings, said the merchant marine was a nursery of naval strength. If in the war with Spain we had wanted twice as many sailors, we could not have got them. Every man here can shoot a gun; we can make soldiers very quickly, but you can not make sailors quickly. We also need them for the merchant marine. That is the reason why we want to develop them. If with four or five ships on a line we can start ten or fifteen new postal lines to carry letters and package freight, we would have an increase, of course.

In the last few years we have already worked up, possibly with the aid of the postal act to which the chairman has referred. An amendment enlarging that act would be a temporary relief to American ships until we get what is needed. The postal subsidy is not enough. The Congress did not give enough. If the bill had been passed as it was drawn, it would have built up enormously connections throughout the world; but it is a very meager and very niggardly allowance.

The CHAIRMAN. It was 66½ per cent of the amount proposed in the original bill.

Mr. NIXON. of the original bill. But it makes quite a difference when it is on the other side of the ledger.

A discriminating duty bill would undoubtedly help our merchant marine by making a demand for American ships in the foreign trade. The shipbuilders ask nothing more than a demand for their product, and are not seeking bounties. Shipowners must speak for themselves, but once given a start they should soon be able to meet their foreign rivals on equal terms.

**STATEMENT OF FRANCIS T. BOWLES.**

Francis T. Bowles appeared before the Commission.

The CHAIRMAN. Admiral, am I correct in saying that you were chief constructor of the United States Navy a short time ago?

Admiral BOWLES. I resigned that position in November last.

The CHAIRMAN. You are now at the head of the Fore River Ship and Engine Company, Quincy, Mass.?

Admiral BOWLES. Yes, sir.

The CHAIRMAN. It is a very large shipyard, is it not?

Admiral BOWLES. It is quite an extensive shipyard.

The CHAIRMAN. One of the great shipyards of the country?

Admiral BOWLES. Yes.

The CHAIRMAN. You understand what the Commission is here for?

Admiral BOWLES. Yes, sir.

The CHAIRMAN. We shall be glad to have you give us such information as you possess on the subject.

Admiral BOWLES. Mr. Chairman and gentlemen, I propose to try to lay before you a few facts. It is very difficult to ascertain definite facts bearing on this matter, and those that I have are not so certain as I should like to have them; but they probably are somewhat more definite than what you have already heard.

**COST OF SHIP PLATES.**

Considering the relative cost of building vessels in the United States and England to-day, the first element which enters into it is the cost of the material. The current price for steel ship plates in England to-day is between \$26 and \$27 a ton. The association price in the United States for ship plates to-day is practically \$40 a ton.

There is a difference on ship plates alone, which shows that steel in this country costs 50 per cent more to-day than it does in England and Scotland. On forging and steel castings the relation of additional cost in this country is greater even than that. Practically the only advantage in the way of materials which we have over the English shipbuilders to-day is in the use of the wood which enters in a very small degree into cargo-carrying boats.

**AS TO WAGES.**

In regard to wages, the ascertainment of their relationship is more difficult, but I have a list of the wages that are current in England and Scotland now, and if we take rates for the different classes of labor and add them up and divide them by the number of classes and compare the result with a similar list of rates current to-day here, we find that our rates on the average are 75 per cent greater than they are abroad.

That is not the fair way to compare rates of wages. The fair way would be to take the average rate paid in a shipyard throughout a year, and compare the result in a shipyard here and in a shipyard abroad. Of course we can not get that. But as a matter of fact, I know that the average wage paid in American shipyards to-day is in the neighborhood of \$2 a day, taking everybody, but exclusive of



foremen and draftsmen and superintendents. If that is 75 per cent more than the wage paid in England it would make the wage paid on the other side \$1.14. We know it is greater than that. I doubt, however, if the average wage in a Scotch shipyard is greater than \$1.50. I think it is probably less than that.

#### COST OF SHIPS HERE AND ABROAD.

So, in all probability, from the very best knowledge that I have, the wages in this country exceed those paid in English shipyards by anywhere from 30 to 60 per cent. The shipowner is undoubtedly the best person to give reliable figures on the cost of construction, but it is a very difficult thing to do when we know how the costs vary even among ourselves. Take, for instance, a ship which was bid upon in Philadelphia last week, a vessel of the merchant type, a thoroughly good all around contract. The lowest bid was \$353,000 and the highest \$446,000; and those bids were made by intelligent shipbuilders.

In the report of the Commissioner of Navigation for 1900 he gave the cost of two cargo vessels which were built in this country upon which bids were obtained in England. The cost of the vessel in this country was \$275,000 and in England \$214,000. At that time the price of steel in the two countries was exactly the reverse of what it is now. At that time the cost of those vessels in this country was \$52 a ton dead-weight capacity, which is the customary way of reckoning for vessels of that kind. The English price was \$40 a ton. So there was an excess of cost here at that time of 30 per cent over the English price. If those prices were corrected to-day in accordance with the current prices of material, they would stand this way: The cost of that vessel built in this country would be \$60 a ton dead weight capacity and in England \$33, which is a difference of 90 per cent.

A few days ago a friend of mine cabled to England for the price of building a 7,000-ton dead-weight capacity general freighter. Prices were obtained from two reputable sources. They differed by 15 per cent. I have made an estimate of the cost of building a vessel of that same class in Boston harbor. It is 80 per cent more than the mean of the English prices. That represents the state of affairs to-day.

#### THE FACTOR OF ORGANIZATION.

It is true that that state of affairs does not always exist. The elements which go to make up the cost of a ship are just the same as those that go to make up anything else which is manufactured. They depend upon the knowledge and ability of those who manage. They depend upon the supply of materials, and the supply, and intelligence, and organization of the labor. We have not so organized the supply of all the materials that go into shipbuilding to-day that we can get without any question what we want and when we want it. That largely affects the cost of vessels. There is also much to be done with regard to the proper organization of the labor which goes into the vessel, and I think it is going to take the line of some premium system which shall make it to the mutual advantage to the men and the shipyards to do honest work.

With regard to the remedy necessary, it seems to me that is a question to be determined by you gentlemen.

Representative McDERMOTT. Will you furnish the committee with an analysis showing how you arrive at the total, which was 80 per cent more than the cost of building abroad?

Admiral BOWLES. Yes, sir.

Representative McDERMOTT. Give us the items.

#### THE TARIFF NOT IMPORTANT.

Admiral BOWLES. Possibly, to save time, I might answer one question which I have heard asked several times, but which nobody has answered, and that is, What would be the effect of removing the tariff upon steel; that is, what would its economic effect be? The tariff amounts to a half cent a pound, and the prices of steel in this country are regulated just so that you can not import steel. If you take off that half cent a pound, it would make a difference in the cost of a steel barge of about 5 per cent. In the cost of a steel schooner it would make a difference of  $4\frac{1}{2}$  per cent. In the cost of a battle ship it would make a difference of just 1 per cent. So it does not amount to much.

The only influence it would have upon shipbuilding to-day would be this: The efficiency of the carrying trade on the coast would be increased if everybody could use steel barges and steel boats, because they carry more for the size than wooden boats.

Now, if you reduce the cost of barges and schooners by 5 per cent, it will be an inducement to go into that construction to a slight extent, but very slight; and that is all there would be to it.

Senator LODGE. Those figures are very interesting, and they explain why the rebate is never taken advantage of.

Admiral BOWLES. I have one other thing that I want to tell you, and I must go in a few minutes, because I have an appointment, I am sorry to say.

#### PRICES OF SHIPS OF WAR.

A year ago I made an investigation for the Secretary of the Navy of the number and amount of battle ships and armored cruisers building in England and the United States on the 1st of last July, and in the course of that investigation I had the curiosity to take from the English estimates the cost of English vessels and from our contracts the cost of ours, and I was astonished to find that the American battle ships and armored cruisers cost practically the same that they do in England.

In view of the undoubted fact with regard to the cost of wages and material, you will want to know why that is. I can tell you. If the American shipbuilder set the price of battle ships in a business-like way, in the same way that people manufacture cotton, he could not afford to do it. There has been the most cut-throat competition among shipbuilders to obtain these Government contracts, and there is not one of them who is building ships at a price at which he can honestly afford to do it.

On the other hand, in England the prices that are given to the private shipbuilders are the same that it costs the English Government to build the ships in the navy-yards. If I could have that system here, I would not want to be in business more than a few years.

Representative McDERMOTT. We have had testimony to the effect that the difference as against American shipbuilding is 25 per cent, 40

per cent, 50 per cent, 75 per cent, afterwards corrected to between 40 and 50, and now we have a direct illustration in your experience that the difference is 80 per cent. I would be much obliged if you would furnish to the Commission a statement as to what sort of a ship it was to be, and the items in the cost of construction, showing what was labor and what was material. We have had five figures here inside of seven hours.

#### WHY THE FIGURES VARY.

Admiral BOWLES. I think you will see from what I have told you that these things are liable to great variation. I have before me the actual cost of the *Minneapolis* class, which Mr. Baker, when the Commission goes to Baltimore, will give you. They were built for the Atlantic Transport Line, and duplicates were built on the Delaware. They were built at the time which was most favorable to us; that is, when steel was highest abroad and lowest here; and even then the difference in the contract price was 30 per cent, and the contractors on the other side made a handsome profit and our people lost money.

Representative McDERMOTT. You spoke of a transposition of the prices.

Admiral BOWLES. Yes, sir.

Representative McDERMOTT. That is accurate as to the exact figures?

Admiral BOWLES. The exact figures are these. At the time those vessels were built, steel was selling here at \$28 a ton and in England at \$40.86.

Representative McDERMOTT. That is a pretty substantial transposition.

Admiral BOWLES. It is almost a transposition of the figures of to-day.

#### WOULD "FREE SHIPS" HURT THE SHIPYARDS?

Senator MARTIN. Is any American shipyard building ships for the foreign service to-day?

Admiral BOWLES. No keel has been laid in two years.

Senator MARTIN. It would do no harm to the American shipyards were you to withdraw from them that line of business. They would be no worse off than they are now.

Admiral BOWLES. Certainly not.

Senator MARTIN. Does not that offer the only way to build up an ocean carrying trade? If it costs 80 per cent more to build a vessel here, and if you let our people buy vessels abroad at the greatly reduced price, you would take nothing from the American shipyards that they are now enjoying. Would we not thereby do a great service to the American merchant marine and do no injury to our shipbuilders? You have demonstrated that there is no outlet from this except to buy our ships abroad.

Admiral BOWLES. I do not agree with you at all. I have not shown anything of that kind.

Senator MARTIN. You have to my mind, if we have to pay two prices here; and in buying ships in England we would deprive our shipyards of nothing they have now.

Admiral BOWLES. I am not asking anything here in the way of favors. I do not think it a proud thing that the industry needs special

legislation to support it. Here is the condition in the United States: Is it worth while to have a merchant marine? It seems to me somebody has to decide whether it is worth while to have a merchant marine under the American flag. If it is worth while, there are various ways of doing it. One is to give us absolute free trade. Then the American shipbuilder would be on a level with every other industry in the United States and he would soon get there. It might take him some time, but he would get there.

Senator MARTIN. That is impossible. Everybody knows we can not have absolute free trade in this country.

Admiral BOWLES. I know it.

The CHAIRMAN. What would become of American labor under that condition?

Admiral BOWLES. Of course it is a horrid thought. It is impossible.

Senator LODGE. Labor would have to go down.

Admiral BOWLES. Certainly.

#### ONLY FOR FOREIGN BUSINESS.

Senator MARTIN. I do not mean to be misunderstood. In the suggestion I made about buying ships abroad I had reference to ships to be used entirely in the foreign business, leaving to American shipyards the monopoly of building ships for the coastwise trade, which, in the near future, will include the Philippines. I did not mean by the inquiry I made to indicate that there would be considered at all a proposition to permit the purchase abroad of vessels for the coastwise trade. But it seems to me, desirable as it is to have a merchant marine, that it will hardly be possible to get the country to approve a subsidy big enough to cover the immense gap which seems to exist. That is my fear, at least.

Admiral BOWLES. Then, of course, the country thinks it is not worth while to have a merchant marine.

Senator MARTIN. We can get the merchant marine without paying that big price, by buying the ships where they can be made cheaper, or else we must find a way to bring about a cheaper price for the material that goes into the ship here.

Senator MALLORY. At what figure did you put the difference in the cost of material?

Admiral BOWLES. I told you the market to-day shows an increased price in this country of 50 per cent on steel alone.

Senator MALLORY. There is a difference of about 50 per cent in the cost of the material, taking steel as the standard. What makes up the other 30 per cent?

Admiral BOWLES. Wages; labor. There are other elements, of course.

Senator MALLORY. I am speaking of the main element.

Admiral BOWLES. That is the main difference.

Senator LODGE. Wages have something to do with the price of steel?

Admiral BOWLES. Apparently not.

Senator LODGE. Do you think the labor cost does not enter into the problem?

## REDUCED TO A SCIENCE.

Admiral BOWLES. I think it undoubtedly does; but the reason, of course, why some products of this country can be sold in competition with those produced in England is this: Take bridge building, which has been spoken of before you to-day. There have been a number of enormous railroads built in this country. Consequently the art of bridge building has been developed here to a very high degree. We do not go abroad and sell Englishmen English bridges. We give them something better—an American-designed bridge, which is produced with the very minimum of labor. The product has been reduced to a science. It is the same way in the production of steel rails. That process has been studied so that with the vastly improved machinery and a very small amount of labor we can excel their product. In shipbuilding we shall hope to approach that stage when we have the product to deal with.

Senator MALLORY. Can you tell us why steel plates have gone up from \$28 a ton to \$40 a ton in the last four years?

Admiral BOWLES. Four years ago there was practically no demand, and steel could have been bought——

Senator MALLORY. I am speaking of steel plates.

Admiral BOWLES. Steel plates could have been bought probably for a cent a pound four years ago. There was nothing going on. Then came the enormous demand which overtaxed the supply and consequently the price rose. That price has not yet fallen.

Senator MALLORY. There is still a great demand for steel?

Admiral BOWLES. The demand is not so great now, but the price has been maintained.

Senator MALLORY. Do you know why that is?

Admiral BOWLES. I do not know why it is.

Representative McDERMOTT. It has been maintained by agreement notwithstanding the falling off in the demand for the commodity?

Admiral BOWLES. I was asked if I knew why. I merely know it is so. I do not know why.

Representative McDERMOTT. You do not know the fact that there has been a falling off in the demand for steel?

Admiral BOWLES. I stated there had been a falling off.

## THE STEEL PLATE POOL.

Representative McDERMOTT. Is the price regulated by a pool, whose members meet every quarter or every month and who agree to reduce or to maintain the price?

Admiral BOWLES. So I understand.

Representative McDERMOTT. The price of steel has not followed the natural law of supply and demand?

Admiral BOWLES. It has not yet.

Senator LODGE. If we were to have free ships, what would be the effect on American yards?

Admiral BOWLES. I think they would soon be ruined.

Senator MARTIN. By free ships for the foreign trade exclusively?

Admiral BOWLES. If you have free ships why would it not be well to admit them to the coastwise trade?

Senator MARTIN. That is a question. Suppose it is not done. Never mind the reason.

Admiral BOWLES. Yes; but suppose it can be shown that that would be a great advantage.

Senator MARTIN. That is not the proposition we are submitting to you.

Admiral BOWLES. No.

Senator MARTIN. The proposition submitted to you is: Suppose we hold a monopoly for the American yards of the construction of ships for the coastwise trade and do not admit foreign-built ships to engage in that trade, but simply allow ships to be bought abroad to engage in the ocean-carrying business between this country and other nations, none of which business is now being done by our shipyards, how could the shipyards be ruined?

#### A "FREE SHIP EXPERIMENT."

Admiral BOWLES. The advantage to the shipbuilder in admitting free ships would be this: A considerable portion of the repairs would probably be made in this country. That would be an advantage to shipyards. It would also be an advantage, I believe, in the end, to have the ship-owning habit encouraged in any way. It would undoubtedly in some way stimulate shipbuilding in the long run. Those are the only advantages that I can see to the shipbuilder in admitting free ships to the foreign trade. I see, however, great disadvantages in this way. It at once discourages the application of capital or industry in the shipbuilding business. It no longer has anything to look forward to except what little there is to be done in the coastwise traffic and in repairs. I think the immediate effect would be a great paralysis of the business.

Senator MARTIN. A paralysis which would give the shipbuilder some increase of business and no diminution in the way of actual business. You say there would be an increase from two causes and no diminution, because he is doing none of that business now. I can not see how an industry can be destroyed where nothing is taken from it and something is added to it.

Admiral BOWLES. It has not always been as it is now.

Senator MARTIN. Almost so. There have been very little bids by this country for the foreign business—very little.

Senator LODGE. Suppose we admitted foreign-built ships to American register. I think it is a little doubtful whether under the present law we could keep them out of the coastwise trade. But as a practical question, if we admitted them to American register, do you not suppose they would go into the coastwise trade in a very short time?

Admiral BOWLES. I think it would be inevitable.

Senator LODGE. I have no doubt of it.

Senator MARTIN. It would not be inevitable unless Congress chose to permit it.

Senator LODGE. I do not think Congress could stop it.

Representative HUMPHREY. Mr. Chairman, I should like to have the Admiral state what his remedy is for the present conditions. I should like to hear his idea.

The CHAIRMAN. The Commission will be very glad to have the Admiral give us his views on that important point. In fact, that is what we are here for.

## SUBSIDIES TO SHIPBUILDERS AND OWNERS.

Admiral BOWLES. I am rather reluctant to express any opinion upon that subject, but being of a direct habit of mind and not being accustomed to considerations affecting the tariff, I believe it is worth while to the Government of the United States and to the country to have a merchant marine. I believe it is an economic question which must be answered in the affirmative. Now, considering the present conditions, I believe the cheapest and most direct way of creating a merchant marine would be for the Government to step in and equalize the cost of vessels, so that a shipowner could get his vessel as reasonably here as he could abroad, and that then the additional cost to the shipowner of running his vessel under the American flag should be made up to him in some direct manner.

I see no occasion for being afraid of the subsidy idea. If you are going to do it, why not do it in the most open and direct way—pay a bounty to the shipbuilder, whatever is necessary to make it an attractive proposition to the shipowner, and pay the shipowner the additional cost of running his vessel under the American flag.

Senator LODGE. That is the French system?

Admiral BOWLES. Yes.

Senator MALLORY. That would amount to about 110 per cent, based on the first cost of the ship?

Admiral BOWLES. At current prices.

Representative HUMPHREY. Would you expect those conditions to continue?

Admiral BOWLES. No; I should think that whatever was done would have to be done for a limited and fixed period, because no persons would put their money into ships unless they saw a definite time in which they could operate under fixed conditions.

The CHAIRMAN. What advantage would the Government get from the carrying out of your suggestion?

Admiral BOWLES. The Government would be able by regulating the conditions under which the acts should be enforced, to create a class of vessels which would be of great service in time of war.

May I ask to be excused now?

The CHAIRMAN. We are very much obliged to you, Admiral.

Senator MARTIN. I should like very much to ask some further questions. Will the Admiral be here to-morrow?

Admiral BOWLES. No; I must go back to-night, Senator.

## STATEMENT OF JOHN CRAIG.

John Craig, president of the Craig Shipbuilding Company, of Toledo, Ohio, appeared before the Commission.

The CHAIRMAN. Mr. Craig, you may proceed in your own way.

Mr. CRAIG. I will say that I coincide with everything that Mr. Bowles has said; that is my idea exactly.

The question is, is a merchant marine worth anything? In my younger days I lived in New York, and I remember the time when we had 35 ships, all for the foreign trade, upon the stocks here at one time. After that I went West, and became interested in business in 1867 on the Detroit River.

I should like to show you in a few words how our business has developed and what it sprang from. At that time the most popular vessel we had was what was called a canal vessel, which carried about three or four hundred tons of ore, and it made seven trips from Lake Superior to Ohio ports in a year. At that time we received \$8 a ton for carrying that ore. The only reason we got \$8 a ton was because of the necessity of a tariff for revenue, which was placed by the Government at that time upon all materials and which gave an impetus to the manufacture of iron. At the time I speak of steel rails were worth a hundred and forty dollars a ton. One man started to build a little larger vessel, and the business continued on and continued on and continued on until to-day, about two weeks ago, there was a vessel launched there which is calculated to carry 11,000 tons. Last year our average price was 80 cents a ton.

The CHAIRMAN. As against \$8 in 1867?

#### WHAT COMPETITION HAS WROUGHT.

Mr. CRAIG. Against \$8 in 1867. Now, what has brought that down? The natural competition between ourselves. Another man saw that this man was making some money, and he went into it with a little improved machinery. It is the same way with our shipbuilders. Now we are building vessels for one-half of what we built them for in 1867.

I am naturally a protectionist, and I feel a good deal like Abraham Lincoln did, as shown in a story that is given out as coming from him. A gentleman desired to talk with him upon the tariff question, and attempted to show him that the tariff was wrong; and after he had labored with Lincoln for two hours, our honest old Abe said, "Well, this thing to me is practical. Let me give you an instance of it. If I buy a pair of pants in Europe, and pay \$10 for them, they get the \$10 and we have the pants; but if I buy them here, we have the \$10 and the pants, too." That is the way I feel about it.

The question in my mind in reference to the merchant marine is whether it is worth what it will cost. To-day our people, our natural resources, our climate are unsurpassed. Are they equal to the competition of the world? I say my belief is that if you will give us some subsidy, some rebate of duties, something that will enable men to see there is something in the merchant marine, in ten years we will build for England as we did in 1857, when I served my apprenticeship under William H. Webb.

To-day we are overdone on the Lakes. On the 1st day of July there will not be a vessel of any description being built on the Great Lakes, except one, she being a ferryboat for an individual service outside of the general business. We have pushed our works ahead. Ten years ago I was able to build four vessels; now I could build fourteen. The American Shipbuilding Company was not then in existence. They built 49 last year. On the 1st of July they will have nothing to do.

#### AN ENGLISH COMPARISON.

In England the conditions are entirely different. A week ago last Saturday I started down the Clyde, and in going down I naturally looked to see how many vessels there were, and when we passed a little port of about 50,000 inhabitants I counted 38 vessels under con-



struction and room for about 20 more. I spent one day about two weeks ago at the yard of Denny, in Dumbarton. I was received with great kindness and courtesy. I gave them all the ideas I had, and received from them all they had. The question with me was, where was the difference. They were alert. They were using our air machines, hydraulic machines, improved machinery of every description. I saw where the difference came in mostly.

I saw there a boy of eight years using a steam hammer that we would not dare to let anybody operate unless he was a very practical man. I said to them, "How can you let that boy do that? How long hours has he?" They said, "We have two of them—one works in the morning, and one in the afternoon;" and instead of paying \$3.50 a day, as we would, for a man to use that machine, they were paying that boy 3 shillings (seventy-five cents). That is the only way to-day in their labor they can beat us. They have improved machinery; they have the air machines; they have improved cranes; they have everything we have; only they have such a dense population that the children have to work, and do work. Where we would have men picking up bolts around the yard they have boys. We are paying our joiners double what they are paying theirs.

I do not know that I have anything more to say.

Thereupon, at 5 o'clock and 45 minutes p. m., the Commission adjourned until to-morrow, Tuesday, May 24, 1904, at 10 o'clock a. m.

OFFICE OF THE BOARD OF TRADE AND TRANSPORTATION,  
*New York City, N. Y., May 24, 1904.*

The Commission met at 10 o'clock a. m.

Present: Senators Gallinger (chairman), Lodge, Penrose, Martin, and Mallory, and Representatives Minor, Humphrey, Spight, and McDermott.

The CHAIRMAN. Mr. Hervey C. Calkin has asked permission to occupy five minutes.

#### STATEMENT OF HERVEY C. CALKIN.

Mr. CALKIN. Mr. Chairman, this is quite unexpected. I asked you to give me five minutes, but I did not expect to be called upon at once. However, I am very happy to have the opportunity to present myself to the Commission as the only living member of the first committee on this subject, appointed in the Forty-first Congress, under James G. Blaine as Speaker. We had only members of the House of Representatives on the committee. It was not a joint committee of the Senate and the House. We went over this whole matter, the same as you are going over it, and I am glad to meet you gentlemen, as I am the only living member of that committee. Judge Holman was a member of it. Mr. Wells, of Missouri, was a member of it. There were several other gentlemen—one gentleman from Pennsylvania.

But they have all gone over the river, and I stand here to-day to advocate the shipping bill recommended by the Shipping League. I forget the Congress, but we had a league which met often. Mr. Vanderbilt, who is now acting in regard to this matter, was treasurer. We had a unanimous report. Our bill was defeated. Another bill was passed, helping some two or three steamship lines.

I say to you, Mr. Chairman and gentlemen, that you can go over the whole matter, but you will find nothing to fit the case, to my mind, as well as that bill. It was a bounty bill, a subsidy bill, not a differential bill at all, sir.

I am in a mechanical line of business. I am not a builder of hulls; I am not a builder of marine engines; but I have been identified with the shipbuilding business for nearly fifty years. I am personally acquainted with all of the matters and the business connected with it. I am personally acquainted with pretty nearly all of the shipbuilders in the country, and I am proud of it. I am proud that I stand here to-day as a representative of the mechanical interests, and I hope to live to see the day when there will be passed a bill by a Republican Congress—or a Democratic Congress, if the Republicans do not pass it; but, I hope, by a Republican Congress—representing all the varied interests of this country, which will give protection to an industry which has been only partially recognized.

#### NINETY PER CENT TO LABOR.

Ninety per cent of the cost of a ship, as has been well shown, goes to labor. That commences in the forest and the mine and goes through all the various manipulations and mechanical operations that enter into the construction of a ship. When you protect that industry you are not only protecting the man who builds the ship and the man who owns the ship, but you are protecting the man who applies the labor—the sweat of his brow—in the building of that ship. It is a protection that ought to be given.

It is a disgrace to this country, Mr. Chairman and gentlemen, that we have not more lines of steamers to Europe and lines to South America, and that we have not lines to other foreign ports, as we ought to have to-day. I could say a great deal more on this subject, because my heart has always been warm upon it. I spent several years with my old friend, John Roach, and with other gentlemen in going to Congress after I was a member, after we failed in our bill that was presented by the Lynch committee. That was a good bill also.

I want to say to you, Mr. Chairman, by the way, that Mr. Morrell was chairman of the committee. It was known as the Lynch bill. We issued a book which you will find, of course, in the Library of Congress. I have one at home. That bill had a unanimous report. No minority report was made. I then was a Democrat, and I voted as a Democrat and supported the bill as a Democrat. Mr. Wells was a Democrat, and supported that bill, and we were not found fault with by the Democratic party. Mr. Holman did not make a minority report. He did not vote for the bill, but he promised me that he would not make a speech against it, and he did not. Now, you all know the record of Judge Holman. You know his positive Democracy. Those are facts. I say that to the Democratic members on the Commission.

There is another instance of which I wish to tell you. Mr. Cummings, one of our most popular members from this city, was the only Democrat who voted for the shipping-league bill, and he also voted for the other bill. He was not ostracized by his party in the city of New York, but, on the contrary, he was one of the most popular men we had from this great city. The press of this city opposed it; that

is, many of them, not all of them, but Amos Cummings, and I say it with a great deal of pride and a great deal of feeling, had one of the grandest and largest funerals that any Democrat dying in this city ever had, and he never was found fault with for voting for the subsidy bill.

I will say to you gentlemen also—I want to say it because I have a great deal of pride and some feeling in regard to it—that I changed my politics on account of the shipping bill. I went to the Congress as a Tammany Hall Democrat. I voted with the Democratic party, but when there came up the question of free trade and sailors' rights, your humble servant left the party and joined the Republicans; and I stand here to-day as an advocate of protection to American industry, in every shape and form.

Now, gentlemen, I will not take any more of your time. I certainly wish you great success, and I hope I may live to see the passage of a bill that will help the shipping interests of this country.

Gentlemen, I am obliged to you for your attention.

### STATEMENT OF WILLIAM D. SEWALL.

The CHAIRMAN. Is Mr. William D. Sewall, of the firm of Arthur Sewall & Co., Bath, Me., present?

William D. Sewall appeared before the Commission.

The CHAIRMAN. Mr. Sewall, are you engaged in shipbuilding?

Mr. SEWALL. I am.

The CHAIRMAN. What class of vessels do you construct?

Mr. SEWALL. Sail cargo-carrying vessels for the foreign trade.

The CHAIRMAN. Any steam vessels?

Mr. SEWALL. No steam vessels.

The CHAIRMAN. You were present yesterday at the meeting of the Commission?

Mr. SEWALL. Yes, sir; I was.

The CHAIRMAN. You understand what we are trying to accomplish here and the class of information we are seeking to obtain?

Mr. SEWALL. I think I do.

The CHAIRMAN. In your own way, kindly present your views.

Mr. SEWALL. Mr. Chairman and gentlemen of the Commission, I represent Arthur Sewall & Co., of Bath, Me. The city of Bath has been a shipbuilding center for one hundred and fifty years, and I might say has stood uninterruptedly at the head in the production of sail tonnage in the United States. Many of our citizens have been interested not only in the building, but in the sailing of square-rigged vessels for the foreign trade, and in 1854 there were built in this city 59 full-rigged ships. During the past two years we have built none. In fact, of late years, my firm alone is the survivor of this great industry. Our yard was established in 1823. We have built over 100 vessels, mostly for the foreign trade, and, in years past, our ships have been in nearly every maritime port of importance in the world. At the present time we are the managing owners of 12 vessels, all square-rigged with one exception, and varying in carrying capacity from 3,000 to 5,000 tons each.

Ten years ago we commenced the construction of steel ships, build ing the first steel sailing ship built in America.

## AS TO FOREIGN MATERIAL.

I will say here that we have built one of imported steel. It was asked yesterday what was the objection to using foreign steel for the construction of our vessels. There are several reasons which I might state, but the first and the all-important reason to my mind is that it is un-American. We want to build American vessels from American material and by American labor. There are other reasons, and one is that in importing foreign material the rebate of duty has to be indorsed on the ship's register, and she can not be employed in the coastwise trade; and in our sailing ships, sometimes, especially on the Pacific coast, when freights are down, as we have seen them very often, we like to use up the time waiting for the next crop, or for some change in conditions, by making one or two coastwise voyages. In that case we are shut out, and we are also shut out from disposing of the vessel as we could when we find a purchaser desiring a clean register.

To-day our yard is closed. It has been closed now for over a year, and as much as we would like to open it, we can see no encouragement for doing so at present. We have held on hoping in vain for better times, and some years building more from sentiment than from sound business judgment.

Senator PENROSE. How long do you say the yard has been closed?

Mr. SEWALL. Over a year now.

Representative MINOR. How many men did it throw out of employment?

Mr. SEWALL. We averaged 200 or better. Of course we realize that we have been obliged to go along in a small way. We would like, and we could easily employ, double or treble that number. We have the water front; we have the facilities; but there is no encouragement to do it.

I think I can say the limit has been reached. Every shipyard in the country has a similar tale to tell—some ruined and in receivers' hands, others closed, and the remainder running at a loss. And so it is with our foreign-carrying trade, for the two go hand in hand. The condition is truly deplorable, but I feel, gentlemen, that our story, so far as it relates to the necessity of some legislation being passed in behalf of American shipping, has already been told at the various hearings held at Washington during the session just closed, and to some extent already at the hearings here.

That there is need of legislation I assume you take for granted, and the great question before you on which there are so many different opinions, is how to best meet and remedy the situation. I believe we are all somewhat doubtful as to the proper course to take. What we want is relief that will be liberal at the start, effective at once, and of sufficient duration so that capital and enterprise will not hesitate in doing their part.

There have been a number of methods proposed. The free-ship theory I discard. In fact, it is hard for me to conceive how anyone with true American spirit can look with favor on or see any benefits coming from such a policy. At the best, it only meets the issue to a limited extent. We would still have the difference in maintenance, manning, and operating to contend against. We would have no shipyards, and the incentive for American enterprise would be largely diminished.

Discriminating duties would, no doubt, prove most effective, and I believe we are a nation strong enough and great enough to carry the issue through, if we determined to do so; but there would be many obstacles to meet, and many treaties to abrogate, some of which I understand would take from one to two years.

I believe we are a nation strong enough and great enough to carry the issue through if we determine to do so, retaliation or no retaliation; but, gentlemen, there would be many obstacles to meet, many treaties to abrogate, some of which I understand have from one to two years to run.

The plan of increasing tonnage dues might prove desirable, but if foreign tonnage is to be shut out by this method the increase would have to be considerable, and as American shipping regained the trade the burden would fall on us, and the subsidy to compensate would necessarily have to be extremely large, which would no doubt be misconstrued by many and be objectionable.

#### IN FAVOR OF DIRECT SUBSIDY.

I am therefore of the opinion, notwithstanding the sentiment held by many against direct subsidies, that some bill embodying this form of relief, giving a fixed rate on all vessels alike, based on capacity and mileage, and with a special subsidy for mail steamers, making it as simple and concise as possible, would be the least objectionable, the most speedy remedy, and therefore the most satisfactory measure.

It must be sufficient to meet not only the disadvantage we suffer in the construction and repairs of our vessels, as compared with our foreign rivals, but also meet the difference in the cost of manning and operating as well as the advantage now derived from holding the trade and all which that implies.

The French Government, besides paying a building bounty, gives a mileage subsidy of about 3.20 cents per ton per 100 miles sailed, which practically covers the operating expenses of the vessel. While I do not consider it necessary to pay such a subsidy as this, yet to be effective, with the conditions as now existing, it should be liberal, and in granting some form of mileage subsidy, we should bear in mind it is only giving shipping the protection which has long been granted many other industries of a far less national character and importance.

#### CONSTITUTIONALITY OF SUBSIDY.

Representative SPIGHT. Would you advocate the giving of subsidies to all vessels, both steam and sail, engaged in the foreign trade?

Mr. SEWALL. Right straight through. I would make no distinction. And for mail subsidy, give them something in addition.

Representative MINOR. Keep it separate.

Mr. SEWALL. Yes; make it a separate matter.

Representative SPIGHT. Have you ever thought about the question of the constitutional authority for legislation of that kind?

Mr. SEWALL. I have thought it would be constitutional. I did not suppose there was any objection to it. I thought it would be less objectionable than the other method.

Representative SPIGHT. I refer to the power under the Constitution to enact legislation of that sort.

Representative MINOR. It would operate about the same as the subsidy to the Southern Railroad. We never questioned the constitutionality of that.

Representative SPIGHT. That is for service rendered.

Mr. SEWALL. I certainly consider that there is a service rendered here if we can regain our foreign trade.

Representative SPIGHT. For the mail subsidy I can see a service. This is simply a bonus—a gift.

Mr. SEWALL. We foster our other industries in one way and another. Why should shipping be left out?

Representative SPIGHT. I wanted to know whether you had studied that branch of the subject or not?

Mr. SEWALL. I have always felt that it was certainly within the power of Congress to assist us in that way.

The CHAIRMAN. As much so as loaning or giving money, for instance, to expositions?

Mr. SEWALL. I should think quite as much, or more so.

#### DEEP SEA SHIP NOT PROTECTED.

In this connection the policy of our country is protection; we have subsidized our railroads; fostered our industries; spent money lavishly on our rivers and harbors, and, you might say, solely for the benefit of foreign shipping so far as our foreign trade is concerned, and yet we have done nothing to encourage our own merchant marine. Here I differ with a statement that was made yesterday that the shipbuilders have protection.

Standardization, to my mind, is not alone the trouble. I recognize the merits and the economies and the advantages to be gained from it, and I know much can be accomplished if we have the opportunity, but it alone will not help us. Even if this were perfected we would still have the difference in the cost of labor and material to contend against.

The completed ship, one of the highest and grandest forms of manufactured production, reaching out to the various industries on which it draws and giving employment to American labor throughout the country, is not protected. This should be considered by those unfriendly to this form of relief, and they should also bear in mind the great advantage coming to our people in opening up trade in foreign countries through our own agencies. Why should we be content to simply raise our products and merely transport them to our seacoast when we can deliver them to the markets of the world, saving not only the transportation, but receiving countless benefits, besides, in the opening up of trade?

The few millions spent to save this trade will be returned to us many times over. It would give us a merchant marine as an auxiliary to our Navy and shipbuilding plants we could depend upon in time of war.

We ask for relief on broad grounds, without regard to party lines, as citizens interested in the welfare of our country, desiring to develop and maintain our shipyards and secure the transportation of our products for our flag. We ask it for maritime defense and for the supplying of seamen, to insure our property on the sea, and the protection of our coast. We merely want to be placed on terms of fair competition and without reducing the standard of living for American labor. We

can not meet the disadvantages that now confront us without governmental aid.

Representative SPIGHT. What sort of speed limitations would you put in your subsidy bill?

Mr. SEWALL. To my mind, really, it is not necessary to put in any, except so far as mail steamers are concerned, because a steamer by being able to make more voyages naturally will get more compensation.

It was stated yesterday that we do not wish to ask for any favors. I myself feel that I should like to qualify that statement to some extent. We do not want to ask for any favors that we are not entitled to; but there are very few of us left and we can not afford to be too modest. I feel that the limit has been reached. If our yards are to be kept open, we must have some assistance.

#### A WORD FOR SAIL TONNAGE.

In closing, I want to say a word for sail tonnage. I, of course, realize this is an age largely dependent upon steam, and if we are to regain any considerable proportion of our lost foreign trade, we must do it by steam, but I believe there is still urgent need of the sailing ship, and any increase in these vessels, as may come from such encouragement as you can give, will prove of inestimable value to the country. They will always be needed for certain cargoes and certain voyages, and upon this class of vessels we are dependent almost entirely for the proper training of our seamen. If we can make these vessels profitable, so that capital will seek investment in them, then we shall have our officers and seamen, so essential to a merchant marine. They are cargo carriers, limited in number, yet deserving of your most careful consideration, and in coming to your conclusions, gentlemen, I trust you will be disposed to strongly recommend most liberal encouragement for both steam and sail that will promptly restore our flag upon the seas and regain our foreign carrying trade.

I thank you for the courtesy extended.

#### COST OF SAIL VESSELS.

Representative MINOR. You are quite a builder as well as an operator of ships. There was some difference of opinion expressed to the Commission in reference to the difference in the cost of construction between this country and on the Clyde, for instance.

Mr. SEWALL. Yes.

Representative MINOR. What is your judgment? Really, what is the difference in cost of construction?

Mr. SEWALL. My judgment is that on the class of vessels we build, which are sailing vessels, steel vessels, it would be about 33½ per cent, possibly running up from that to 40 per cent.

Representative MINOR. That is for sailing vessels?

Mr. SEWALL. For sailing vessels. I am not competent to speak for the cargo steamer or the battle ship, as we have had no experience in those lines.

Representative MINOR. That applies strictly to sail vessels?

Mr. SEWALL. Sail vessels.

Representative MINOR. You being an operator of sailing vessels, I will ask you what is the difference in cost in operation after they are completed and ready for business?

Mr. SEWALL. Fifty per cent.

Representative MINOR. Fifty per cent? That is in wages?

Mr. SEWALL. Operating and manning.

Representative MINOR. Food schedules?

Mr. SEWALL. Operating and manning.

#### THE TONNAGE TAX.

Representative MINOR. I brought with me a statement prepared by the War Department, showing the total amount of money paid out for harbors, for instance. I am coming to the tonnage tax. Up to and including September 19, 1900, I find that this Government has appropriated and expended in the construction of harbors \$370,411,000.

Senator MALLORY. For harbors alone?

Representative MINOR. For harbors, up to 1900, and since then we have passed a bill carrying \$60,000,000 or something like that. So we are out between four and five hundred millions for the construction and enlarging and deepening of harbors. Right here in the port of New York, one of the greatest in the world, there has been expended about \$15,000,000. I think a little less than 8 per cent of all the exports and imports are carried in American bottoms; something over ninety-two per cent in foreign bottoms. In addition to that, we are maintaining light-houses, employing a large number of men, buoys, vessels, etc., the expense of which aggregates a number of million. I do not know how many. I could not get it, but it will run up to a hundred million, perhaps.

I notice that last year we collected \$854,000 in tonnage tax. I observe another thing, that the most you can collect from a foreign ship by way of tonnage is 30 cents a year per ton, and on a part of these foreign vessels only 15 cents.

Mr. SEWALL. Yes.

Representative MINOR. Now tell me what complaint could the owners and operators of these foreign ships make against us if we should treble the tonnage tax and raise from that source a couple of million dollars, to be distributed among our American builders and operators of ships?

Mr. SEWALL. We should have to abrogate our treaties, I understand, and there would be the same difficulty that would be encountered with discriminating duties.

Representative MINOR. I question whether we would have to do that.

Mr. SEWALL. That is what I assume—that we could not under our favored-nation clause put foreign vessels on a different footing from our own.

Representative MINOR. I think we can, so far as a tonnage tax is concerned; at least I have been so informed by good lawyers.

Mr. SEWALL. We must bear in mind that what we want to do is to shut them out. We do not want to get revenue merely.

Representative MINOR. The point I make is this: Every dollar you take from them by tonnage dues and give to our fellows amounts to \$2.

Mr. SEWALL. Yes.

Representative MINOR. If we should get the benefit of \$2,000,000 in that way, we could show those people of this country who are some-



what prejudiced against this proposition that we did get back a million dollars out of foreign ships.

Mr. SEWALL. Of course.

The CHAIRMAN. The best information I have been able to obtain is that we will find difficulty in modifying the tonnage tax under existing treaties. We would have to abrogate the treaties to reach that as well as to impose a differential duty.

Representative MINOR. Then there are but two things within reach of the Commission. One is a direct subsidy and the other is a differential.

Mr. SEWALL. That is the understanding I have.

Representative MINOR. Come to think of it, I do not know about differential duties, either.

Senator MALLORY. You are both a shipowner and a shipbuilder, I understand.

Mr. SEWALL. I am.

#### FREE MATERIAL FOR COAST TRADE.

Senator MALLORY. As a shipbuilder, have you given any thought to the desirability of, or any possible advantage which would arise to the shipbuilder from, legislation that would place the material coming into this country from foreign countries for building a domestic ship or a ship for the coastwise commerce on the same footing as material brought here for building a ship to go into foreign commerce? In other words, take the duty off of material for ships being constructed for the coastwise commerce as well as for foreign commerce?

Mr. SEWALL. I have not thought of that phase of the question so much, as we are interested in the foreign trade so largely.

Senator MALLORY. You have not given it any thought, you say? Could you give us your view about it on the spur of the moment? Give us an opinion as to whether you think it would contribute at all to the shipyard interest?

Mr. SEWALL. I hardly know whether it would be of any great benefit to-day. In that case there would be no rebating of duties entered on the register?

Senator MALLORY. The practical effect of it would be to put all vessels built in American yards on the same footing. Vessels built for the foreign trade would probably be allowed to go into the coastwise trade. I imagine that would probably follow. Vessels built in the United States and owned by Americans, whether built for the coastwise commerce or for foreign commerce, would all be put on the same footing, and the material to be used in them would be subject to the same rebate in both instances. I am putting such a case as that. Do you think it would inure at all to the benefit of the shipyard business?

Mr. SEWALL. It might help somewhat in the coastwise trade for the steel vessel. To-day our coastwise trade in cargo vessels is largely confined to wooden vessels.

Senator MALLORY. To wooden vessels?

Mr. SEWALL. Yes.

Senator MALLORY. Still there are some lines, the Clyde line and a number of other lines having steel ships, that are in the coastwise trade?

Mr. SEWALL. Yes; a few lines.

## THE CASE OF THE DIRIGO.

Senator MALLORY. You have built a steel ship of imported plates?

Mr. SEWALL. We have.

Senator MALLORY. Did it make any difference in the cost of the ship?

Mr. SEWALL. It made it somewhat less.

Senator MALLORY. What is the ship?

Mr. SEWALL. The *Dirigo*.

Senator MALLORY. What is her tonnage?

Mr. SEWALL. About three thousand tons.

Senator MALLORY. Square rigged?

Mr. SEWALL. Square rigged.

Senator MALLORY. About what percentage of difference did it make?

Mr. SEWALL. I can not recall now. I do not remember just the price of American steel at that time. That, in fact, was the first steel ship we built. Since then we have built a number, and we have always preferred, at a greater cost, to use the American steel, not because, as was stated, that there was any objection to the steel itself. We were very well satisfied with the foreign steel which we received for that vessel. We brought it right to our wharf and landed it very easily. But there are many reasons why it is inexpedient. With our laws as they exist to-day, there is a disadvantage in using foreign steel, notwithstanding the first cost of the ship is somewhat cheaper.

Senator MALLORY. As you stated, the vessel could not go into the coastwise trade, which is a very serious objection?

Mr. SEWALL. Yes, sir; and as I said, too, we would prefer to pay more and have truly American vessels.

Senator MALLORY. If vessels under those circumstances should be permitted to go into the coastwise trade, would it help, do you think?

Mr. SEWALL. To a limited extent; to some extent.

## OFFICERING THE SHIPS.

Senator MALLORY. I wish to ask you a few questions on some other matters, on which you are probably better informed than anybody else. It is relative to the question of securing officers for your ships. Do you have any difficulty in securing officers for your ships?

Mr. SEWALL. We have great difficulty to-day; very serious difficulty.

Senator MALLORY. I refer to masters and mates.

Mr. SEWALL. Masters and mates; not so much just to-day with the masters as with the mates; but the masters are fast leaving us. In a few years the condition will be very hard.

I can recall, before I took an active part in the firm, when college students would come down into our yards and go before the mast as boys and move up, and they would rise very rapidly and soon become officers, and then become masters, and then they would take an interest in the vessel, putting their money in it; and one vessel would lead to another. Now there is no incentive like that. There is no inducement for the smart young man to follow a seafaring life.

Senator MALLORY. Why is that?

Mr. SEWALL. The captains used to be the aristocracy of the town.

Senator MALLORY. How long ago was that? You are quite a young man.

Mr. SEWALL. That was twenty-five years ago.

Senator MALLORY. That is since the decadence of our merchant marine.

Mr. SEWALL. That was when things were looking brighter.

Senator MALLORY. We were still in a state of inanition, so far as our merchant marine was concerned.

#### MASTERS NATIVE AMERICANS.

Where do you now get your captains, your first officers, and your second mates? Where do they come from?

Mr. SEWALL. For captains, we rely largely upon the old-time masters of the wooden clipper ships. As those ships drop out, through age and in one way and another, the masters are left.

Senator MALLORY. As a rule are they Americans?

Mr. SEWALL. The masters are.

Senator MALLORY. They are not naturalized citizens, but Americans?

Mr. SEWALL. Americans; good New England stock.

Senator MALLORY. Are they generally trained? What is their novitiate or their preliminary training?

Mr. SEWALL. They took to the sea from the advantages that did accrue in years gone by.

Representative MINOR. They are born web-footed.

Mr. SEWALL. It was a profession where they stood high and in which they secured fine wages.

Senator MALLORY. Am I right in understanding you to say that that class of men is passing away?

Mr. SEWALL. Decidedly so.

Senator MALLORY. What will you do for masters when they are absolutely gone?

Mr. SEWALL. That is what we want you to help us on. We want you to make some incentive for the young men to go to sea again, and if you can give us the sailing ship, which is the nursery of the seamen, and make its operation profitable, the young men will follow, and we will get our officers.

Senator MALLORY. I suppose you have first mates, second mates, and boatswains aboard your ships?

Mr. SEWALL. We do.

Senator MALLORY. All that class of petty officers, I suppose, as a rule, are from your coast; or are they foreigners?

Mr. SEWALL. Not necessarily, so far as the officers go. We have to take them where we can get them. The first officers more especially would come under your assumption.

#### MANY SUBORDINATES FOREIGN BORN.

Senator MALLORY. But among your subordinate officers you have, as a rule, a great many foreign-born men?

Mr. SEWALL. Yes, sir.

Senator MALLORY. What is their nationality as a rule?

Mr. SEWALL. Oh, well, it varies. In this connection I may say we have taken a man from the forecabin, without any education whatever, who had joined us in years gone by when we operated schooners, and made a master of him. We have one now. The particular man

whom I have in mind joined on a coastwise vessel. He had no education. The master whom he joined became somewhat interested in him, and after a few years he went off to school. Since then he has been promoted an officer and master of a schooner, a coastwise vessel. Then he went into a square-rigged vessel, and to-day he is commander of one of our finest ships.

#### BOYS ON SHIPBOARD.

Senator MALLORY. Have you any system of apprentices on board your vessels?

Mr. SEWALL. Our system has been that all who apply are taken care of as far as possible. Our captains are instructed to promote them as rapidly as possible, and give them every advantage.

Senator MALLORY. Have you made any effort in your business to train young men with a view to making them officers eventually?

Mr. SEWALL. We have, decidedly; that is, through our masters. The only way is to secure a berth for them on our vessels and treat them with consideration and promote them as rapidly as possible.

Senator MALLORY. Do you find any considerable response to that effort?

Mr. SEWALL. We have met with more or less response, but of late years the applications have been very much fewer than they used to be. We used to have to turn away boys. We have a special room on our vessels for boys, a special deck house, so that the boys can be separated from the sailors.

Senator MALLORY. Take a vessel of 5,000 tons. Have you any limit to the number of boys you would carry on such a vessel?

Mr. SEWALL. Three or four would be the limit on one vessel—four.

Senator MALLORY. Have you any other vessels than square-rigged vessels?

Mr. SEWALL. We have one.

Senator MALLORY. What is she?

Mr. SEWALL. Steel.

Senator MALLORY. Four masted or five masted?

Mr. SEWALL. A five-masted schooner.

Senator MALLORY. What is her tonnage?

Mr. SEWALL. Three thousand tons.

Senator MALLORY. What is the number of the crew on that five-masted schooner?

Mr. SEWALL. About fifteen, all told.

Senator MALLORY. What is the number of the crew on one of your 3,000-ton square-rigged vessels?

Mr. SEWALL. Double the number; around there; say 30. It depends upon the voyage to some extent.

Senator MALLORY. They are New England schooners used in the coastwise trade?

Mr. SEWALL. Yes, sir.

Senator MALLORY. You use donkey engines for hoisting anchors and sails?

Mr. SEWALL. Yes, sir.

Senator MALLORY. You get along with as small a number of men as possible?

Mr. SEWALL. Yes, sir; we reckon on a schooner for about half the number of men a ship would require.

## ECONOMY OF SCHOONERS.

Senator MALLORY. Take a schooner of 3,000 tons. I should like to get this information, and I believe you are the only witness we are likely to have from whom we can obtain it. A schooner of 3,000 tons, as compared with a square-rigged vessel of the same tonnage, so far as operating expenses are concerned, would cost about one-half. Am I right?

Mr. SEWALL. Yes; I think so; less, possibly.

Senator MALLORY. Is there any objection to these large schooners going into the ocean trade; across the Atlantic, for instance?

Mr. SEWALL. We do not feel that there is, but as a rule they have been employed in that direction but very little. But I am inclined to think myself that they will make the voyage much more frequently in the future. In fact, our last vessel was built with the idea of going anywhere over the world.

Senator MALLORY. I should like to ask your opinion as an expert upon the question of the continuance of the use of sailing vessels, fore and afters as well as square riggers, as compared with steam vessels. From what you said in your previous remarks, I gather you are of the opinion that sailing vessels would last a good many years yet in the trade for heavy traffic—for such cargo as is bulky or heavy and does not require quick transportation.

Mr. SEWALL. On certain long voyages.

Senator MALLORY. It has been said that inside of twenty years—I have heard it said to a committee of the Senate—we would have no merchant sailing vessels to speak of. Is that your opinion?

Mr. SEWALL. We do not feel that that condition ought to exist. We do not think—

Senator MALLORY. That was not with reference to the dying out of our merchant marine generally, but with reference to steam vessels taking the place of sailing vessels.

Mr. SEWALL. I believe, to a limited extent, you will always have need for sailing vessels.

## CREWS AND WAGES.

Senator MALLORY. Now, about the crews. There is an important matter about which I should like to ask you. I suppose you are familiar with it. How about the wages that you pay the crews of your ships, aside from the officers, as compared with the crews of vessels of corresponding size engaged in the foreign trade by foreign nations?

Mr. SEWALL. I think that that depends largely upon where the ship is going. Of course, in this connection I did state some of the disadvantages we have to meet. For instance, I ship an American crew here. We send a vessel very frequently to the East—to China and Japan. The sailing ship, unfortunately, has always been made a storehouse, more or less. When we get into port we may be tied up there for two to three months in discharging and loading cargo. We have to keep our crew aboard. We can not discharge the men, even if the men want to be discharged; and of course if we could discharge them there we could ship a much cheaper crew at the other end.

Senator MALLORY. Why can you not discharge them?

Mr. SEWALL. The American consul does not allow us to do so.

Senator MALLORY. Are they shipped for the round trip as a rule, or for the single voyage across?

Mr. SEWALL. I mean to say in a case where the men would like to go, too. The American consul says they are liable to become a charge on the Government, and he does not want them to remain. But with many foreign vessels they can ship their men in a cheap port. American ports are always higher than elsewhere over the world. We have to ship our men in an American port.

Senator MALLORY. Suppose you ship a crew. They sign articles from New York to Hongkong, for that voyage. Do you mean to say you can not discharge them in Hongkong at the end of the voyage for which they have shipped?

Mr. SEWALL. We can not if the American consul thinks they are going to become a care on the Government, unless we pay their passage back to America.

Senator MALLORY. Notwithstanding their agreement with you is to go only to Hongkong?

Mr. SEWALL. No; we can not.

Senator MALLORY. That is something new to me.

Mr. SEWALL. A friend of the sailor yesterday spoke somewhat at length on the disadvantages the sailor suffered. I might state one or two instances which we have had. We have shipped men, had them sign articles, had them start down the river for a long voyage on an expensive ship with a large cargo, and at night, at the mouth of the river, they would jump overboard, swim ashore, leave the vessel, and we are left short-handed. It shows the necessity of having some law to protect property.

Senator MALLORY. That is a thing which is liable to happen to the ship of any nation—sailors deserting.

Mr. SEWALL. Oh, yes.

Senator MALLORY. It is rather the exception than the rule, I judge.

Mr. SEWALL. We have had it happen more than once. I merely said that to show that we should have laws somewhat rigid. I do not think the sailor himself is altogether to blame, especially if he were let alone, but he is easily influenced, and through sea lawyers and boarding-house masters and in one way and another we have to contend with a great deal.

#### HOW MEN ARE SHIPPED.

Senator MALLORY. To come back to the other point, in making a trip from a port of the United States on the Atlantic to China or Japan, Singapore or Calcutta, how are you in the habit of shipping your men? What kind of a voyage do you ship them for—the round trip?

Mr. SEWALL. We ship them for the voyage, if we can.

Senator MALLORY. That is, the round-trip voyage?

Mr. SEWALL. No; the passage.

Senator MALLORY. Just the passage across?

Mr. SEWALL. The passage.

Senator MALLORY. Do you ship them by time—for a year, for instance?

Mr. SEWALL. No.

Senator MALLORY. You do not?

Mr. SEWALL. No.

Senator MALLORY. It is not customary?

Mr. SEWALL. Very often on our vessels, where they go to foreign ports and we can not discharge the men until they get back to the American port, they remain on the vessel; but we do not ship them for so many months.

Representative MINOR. You ship by the run?

Mr. SEWALL. We ship by the run occasionally; but we had an instance just a few weeks ago where, in order to secure our crew (this vessel was going from San Francisco to Honolulu), we had to pay the customary advance, and we paid a month's wages. The ship went down in the rather remarkable time of eleven days, and of course we paid them full wages.

#### NO CHANCE TO RISE.

Senator MALLORY. You have spoken of the falling off of interest on the part of our young men in the matter of seafaring life. Have you any reason to which you ascribe that?

Mr. SEWALL. There is no incentive for them to rise. The young man does not see any future. The young man not only wishes to become an officer and master, but he wants to see a future before him.

Senator MALLORY. That is due to the fact that we have not ships enough?

Mr. SEWALL. We have not ships enough and there is no incentive. They are not paying anything. The old-time master of a sailing ship was not only its master, but he became interested in the vessel. He invested his money.

Senator MALLORY. Our wages are high, both for the officers and the crew, you say?

Mr. SEWALL. For American officers.

Senator MALLORY. Is it because they can not get steady employment? Is that a factor in this decline of interest in seafaring life on the part of our young men?

Mr. SEWALL. It is very true that if any considerable number should seek that profession now they could not be taken care of. In fact, there are quite a number of masters, as I have stated, who are available now. But of the officers below, it is not so.

Senator MARTIN. Where do you run your ships?

#### THE LONG VOYAGE TRADE.

Mr. SEWALL. All over the world; anywhere where we can get a new dollar for an old dollar. But we can not find that place to-day.

Senator MARTIN. As a matter of fact, where are they chiefly running?

Mr. SEWALL. It changes every few years. We used to take oil out East, perhaps, or business to the Pacific coast, and then take wheat over to Europe, and either take coal right back to the Pacific coast or out East or else come over to this side and load. But the French ships have, of course, played havoc with the California freight markets. Freights have gone down to a price where no ship, without assistance such as the French ships have, can compete or make a dollar, if she goes under the most favorable circumstances. That is merely for the

reason that the French ships' operating expenses are entirely paid by the French Government.

A few years ago that made no difference, because they had practically few ships; but it has been growing, and the ships come in and they make the market now. Their object is to sail. In fact, of late years French ships have gone to San Francisco and have come out in ballast and come around to New York to take oil out East, getting their subsidy from the French Government right along. So you can see how they can afford to take anything if there is no loss of time. If they can afford to do it in ballast, they can afford to do it for 10 shillings freight. Freight has been down to 12 shillings this year. No ship can live on that.

The CHAIRMAN. Mr. Sewall, we are greatly obliged to you.

### STATEMENT OF ALFRED G. SMITH.

Alfred G. Smith appeared before the Commission.

The CHAIRMAN. Mr. Smith, state to the Commission in what line of business you are engaged.

Mr. SMITH. I am secretary and treasurer of the New York and Cuba Mail Steamship Company—the Ward Line.

The CHAIRMAN. Between what ports do your steamships run?

Mr. SMITH. Between New York and ports in Cuba, ports in the Bahamas, and ports on the Mexican Gulf.

The CHAIRMAN. Are you familiar with the statute under which this Commission is sitting?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Will you give the Commission the benefit of any views you may have on the subject?

Mr. SMITH. So much has been said here to-day that I do not know that I can add very much which would be of value to the Commission, but I was invited to appear.

The question is, What legislation, if any, is desirable for the development of the American merchant marine and American commerce? Or, in other words, What should the United States Congress do to guarantee the carriage of our share of exports in American bottoms between the United States and all foreign ports where there is a market for them, and return cargoes where commodities are produced that are required in this country?

The New York and Cuba Mail Steamship Company respectfully submits, in answer to the question of what legislation, if any, is desirable for the development of the American merchant marine and American commerce, and also what change or changes, if any, should be made in the existing laws relating to the treatment, comfort, and safety of seamen, the following:

### THREE METHODS OF RELIEF.

Three courses appear to be open:

(1) Permit foreign-built vessels to register under the American flag;

(2) Increase the tariff on goods imported into the United States in foreign vessels; and

(3) Extend direct Government aid in the form of subsidies.



The first proposition would, if carried out, ruin the present established lines of American ships, close up every shipyard in America, and drive thousands of American mechanics and laborers to destitution. This proposition, in our opinion, is too absurd to merit any serious consideration.

Prominent men engaged in the shipping business for almost a lifetime and those who have made this matter a study from an economical standpoint generally agree on this conclusion.

We can not, therefore, consistently recommend the purchase and adoption of foreign ships or the employment of foreign cheap labor.

Second. Discriminating duties or the imposition of port dues against foreign vessels would result in retaliatory measures on the part of foreign governments.

The rebate of a portion of the import duties on merchandise carried by American vessels would no doubt cause retaliatory action also. Therefore it would seem that this course is not one which could consistently be recommended.

Much has been said about this method of upbuilding our American merchant marine and the protection of our shipping in the foreign carrying trade, so that American ships and products of American labor employed in American shipyards, sailing under the American flag, and manned, officered, and owned by American citizens might regain the trade of our foreign commerce, but an increased tariff on goods imported in foreign ships above the rates imposed on goods imported in American vessels would be, we are told, in contravention of treaties between the United States and many foreign nations.

The abrogation of the articles in such treaties as give the vessels of foreign nations equal advantages in trade between the United States and foreign countries would of course be desirable; but this, as above indicated, is a diplomatic question upon which we confess ignorance, and therefore refer it to those competent to pass upon the point. It is galling, however, to see vessels of every nationality—British, German, Norwegian, Spanish, Italian, etc.—engaged in regular trade between American ports and ports of other nations, other than those to which they respectively belong, in direct competition with American ships, owned in America, and manned and officered by Americans.

In future treaties could not the contracting nations be each induced to consent to an agreement or convention by which all benefits of such treaties would be limited to such imports and exports as are carried wholly in American vessels or vessels of such contracting nations?

#### UNWISE AND COSTLY TREATIES.

All Americans agree in the decadence of American shipping, but it seems to us that some treaties made by the United States with certain foreign nations have had as much to do with the deplorable condition of American shipping as anything else.

Take, for instance, the treaty proclaimed in the year 1828 with Sweden and Norway. Consider the great number of Norwegian vessels engaged to-day in trade between American and West Indian ports, which vessels practically carry all the sugar and fruit cargoes. The earnings of these vessels go to Sweden and Norway. The wages of the crews go to Sweden and Norway. Norway builds the ships and fits them out with everything that is required for from two to three

years' "tramping" between ports in the United States and the West Indies, and what does the United States get in return?

When the vessels need repairs they go home. When the vessels need surveying they go home. Everything is for the benefit of their country, and American shipbuilders, ship chandlers, and shipmasters get nothing, except that occasionally an old American shipmaster may be employed as a night watchman while a vessel is loading or discharging cargo in an American port.

So long as this treaty remains in force Norway will have the same advantages as vessels of American registry, but there are clauses in the treaty that permit of its cancellation on short notice, and such a course, it seems to us, would be wise, for not only have the Americans neglected their own merchant marine, but they have, by such a treaty, helped to build a powerful foreign merchant marine.

It is noteworthy, in connection with this, to observe that there is an article in the treaty which reads to the effect that the treaty is not applicable to the coastwise navigation, which navigation "each of the two contracting parties reserves to itself." What would have been the present status of our coastwise shipping if this clause had not been specifically agreed upon with Sweden and Norway?

#### SUBSIDY THE BEST PLAN.

Third. It seems to us, in view of all the above, that, after all, the best thing to recommend is to let Congress give the American-built ship enough advantage to compensate for the higher cost of operating and maintaining American ships, and I might say constructing, and the merchant marine will take care of itself. This, in a nutshell, is what is wanted.

A subsidy bill honestly directed to the encouragement of fast passenger and mail ships and also freight-carrying vessels is advocated. The measures heretofore introduced, while undoubtedly beneficial, have been but compromises.

If it is intended to really upbuild and develop the American merchant marine liberal subsidies or bounties must be provided.

Yet, after all, we must recognize that there is not much distinction in principle between the two methods advocated; that is, between discriminating duties and subsidies.

Whether cargo is exempted from payment of certain dues or whether the aid required is directly paid out of the Treasury after the payment of duties on the cargo which the ship brings makes no difference, but the subsidy plan is more to the interest of the shipping community than the discriminating policy.

Then again, there is the great bulk of imports admitted free of all duty.

Summarizing, therefore, the above, we would say that the direct subsidy system would be of much greater value, but if this be not feasible, then let us, by all means, have the discriminating duty rather than no legislation at all.

Subsidy, as we understand it, means the expenditure, say yearly, of a sum of money to promote national navigation and the building and running of ships which can be of service to the country in the event of war, as neutral nations can not furnish to a belligerent ships for defense or offense.

The enactment of a wisely drawn subsidy bill would result in regular lines being established between the principal American ports and Europe, but more especially between American ports in the Atlantic and South American ports and American ports in the Pacific with the Orient.

The money now paid by the postal authorities to foreign lines and the American capital now invested in foreign ships would gradually turn to the development of American-built and American-operated ships.

The compensation paid to the slower or freight ships would offset the lower cost of the foreign ships and the lower wages paid to foreign seamen.

Let Congress, therefore, give American ships engaged in foreign trade the same measure of protection that they have to the coastwise and lake vessels.

A law amending the present law of March 3, 1891, should be passed requiring the Postmaster-General to consider the national defense and the maritime as well as the postal interests in providing for the transportation of mails and freeing the United States from present dependence upon foreign lines for its ocean mail service.

Increase the terms for which contracts should be made to correspond with foreign government contracts, provide for additional classes or types of vessels entitled to the transportation of mails, basing this on the progress of shipbuilding and the mail requirements, and fix proportionate rates of compensation.

#### POSTAL AND GENERAL SUBSIDIES.

Specifically, then, we would recommend:

(1) A general subsidy, by directing the postal authorities to enter into contracts with American citizens for terms of years for the carrying of mails in American vessels between ports in the United States and ports in foreign countries, having regard for the national defense, and as will best subserve the postal, commercial, and maritime interests of the United States; the vessels to be American built, owned, officered, and, as far as possible, manned by American citizens; such vessels to be constructed with particular reference to their prompt and economical conversion into auxiliary naval cruisers, and according to plans to be agreed upon by the owners and the proper authorities.

The rate of compensation for such steamships to be paid on the basis of the gross registered tonnage and speed as well as the mileage sailed from the port of clearance in the United States to the home port of entry, according to route required. Such vessels to take as cadets or apprentices American-born boys, to be taught the duties of seamanship and engineering.

(2) A general subsidy, by directing the proper Department of the Government to pay, subject to certain provisions, to owners of freight vessels, steam or sail, of the United States, duly registered by American citizens, compensation based on the gross registered tonnage of the vessels and the mileage sailed in the foreign trade of the United States.

The above, it will be observed, are briefly the chief provisions of the bill introduced about two years ago—

Senator MALLORY. Known as the Hanna bill?

Mr. SMITH. The Frye bill, I believe; than which, in our opinion, no better bill could have been framed, barring, perhaps, the rates of compensation which appear somewhat inadequate.

#### FOR COMMERCE AND DEFENSE.

Such a bill as the one above outlined is recommended for the following reasons:

It would add to our national prestige wherever the American flag floats.

It would give employment to thousands of skilled and unskilled wage-earners whose wages would be spent in the United States.

It would provide transports in times of war, for which, as is well known, this country went begging during the Spanish war.

It would give steady, rapid, and regular communication between all the important commercial ports of the world and the United States.

It would bring into shipbuilding in America millions of dollars' worth of material grown and mined and manufactured at home.

It would foster the education and training of navigators and seamen; or, in other words, it would create, under proper legislation, a Naval Reserve ready at all times to serve the country in event of war; and last, but not least, it would insure to Americans a large share of the enormous sums of money spent every year for the transportation of our products throughout the world, which money is now remitted to European shipowners, as can be verified by statistics.

#### WARD LINE OFFICERS.

The CHAIRMAN. Mr Smith, I wish to ask you two or three questions about your steamship line. Am I correct in assuming that Spain has a line of steamers running in competition with the Ward Line between New York and Cuba?

Mr. SMITH. Not now, sir; she had.

The CHAIRMAN. That line has been discontinued?

Mr. SMITH. Yes, sir.

The CHAIRMAN. What about the officers on your steamships; are they American citizens as a rule?

Mr. SMITH. They must be, under the law.

The CHAIRMAN. What proportion of them are American born, if you recall?

Mr. SMITH. I should say roughly that one-third of the officers we have on our ships to-day are foreign born.

The CHAIRMAN. Do you carry American boys as cadets on your steamers?

Mr. SMITH. We do.

The CHAIRMAN. Putting them in the deck and engine departments?

Mr. SMITH. We divide them equally between the engine and the deck departments. We carry one cadet for each 1,000 tons.

The CHAIRMAN. Do those boys progress rapidly and develop into officers?

Mr. SMITH. In most cases they do. We have to-day in our employment three captains who entered our service a few years ago as cadets. Then there are others who come and go. As a rule, a good many of

the boys come to us because their parents can not do anything with them, and those do not amount to very much. It all depends on the men.

#### AUXILIARY CRUISERS.

The CHAIRMAN. I was attracted by your observation in reference to the value of American steamships as an auxiliary defense in case of war. How many steamers of 14 knots or upward could you place at the disposal of the Government in case of war?

Mr. SMITH. At the present time we could place twelve steamers.

The CHAIRMAN. How many of your steamships were used by the Government during the war with Spain?

Mr. SMITH. During the war they used nine steamers.

The CHAIRMAN. Were some of your officers utilized?

Mr. SMITH. Entirely so. The ships were manned and officered by our company.

The CHAIRMAN. In this connection, would the knowledge of these men, obtained from plying between United States and foreign ports, be of value to them in case of war, so far as an intimate acquaintance with the foreign ports is concerned?

Mr. SMITH. I should say so, because we had that experience during the war. Our men were of great value to the United States forces, both naval and army, that were down there. General Shafter had his headquarters on board one of our ships. One of our captains acted as pilot for Admiral Sampson during the operations off Santiago. He was a man who had been sailing there for many years for us.

#### BENEFITS OF OCEAN MAIL ACT.

The CHAIRMAN. Do you carry United States mails on your steamships?

Mr. SMITH. We do.

The CHAIRMAN. You are beneficiaries of the subsidy under the act of 1891?

Mr. SMITH. We are.

The CHAIRMAN. What would have become of your line of steamships if that act had not been passed?

Mr. SMITH. If the act had not been passed and we had had the competition of the Spanish line, we should not have the fleet we have to-day. We might be running tramp steamers. I do not know what might have happened, but I certainly know we would not have developed the line we have to-day.

The CHAIRMAN. Can you give us some direct and positive information as to the relative wages on foreign and American steamships?

Mr. SMITH. The great trouble in making a comparison is due to the type of vessels. Our vessels are exceptional in type. I do not believe there are vessels afloat to-day like our vessels. I do not mean to say there are not better vessels than ours, but I refer to the particular construction. They are built in this country for the West Indian trade, and require a certain class of men whom you can not find in other vessels. If I should take a vessel that is now competing with our vessels running between New York and the West Indies, and what they pay as against what we pay, I can safely say the difference is 40 per cent. That I know from the pay rolls I have seen.

The CHAIRMAN. To what amount are you benefited by the ocean mail act?

Mr. SMITH. We receive \$203,580 a year.

The CHAIRMAN. For your various lines?

Mr. SMITH. For our various lines. We make 104 trips during the year.

The CHAIRMAN. Do I correctly understand you to advocate a direct subsidy, as contemplated by the Frye bill, and likewise an extension of the postal subsidy act, so as to increase the amount?

Mr. SMITH. You do, sir.

#### DEPENDENT ON MAIL SUBSIDY.

Senator MALLORY. I should like to get your views with respect to the compensation you receive for carrying the mails. You make 104 trips per annum and receive \$204,000.

Mr. SMITH. Yes, sir.

Senator MALLORY. Do you think that is sufficient compensation for the service you render?

Mr. SMITH. We would be glad to have more, of course.

Senator MALLORY. I am asking you now to divest yourself of your interest in the matter and to give us your opinion as an expert.

Mr. SMITH. It has been of great assistance to us. There is no question about that. It can not be denied. It has enabled us to maintain the line we have to-day. We could not maintain a direct and regular service unless we had that financial assistance.

Senator MALLORY. How many steamers have you on the subsidized line?

Mr. SMITH. We run four steamers on one route a month—one a week—and we run one a week on the other route.

Senator MALLORY. What are those two routes?

Mr. SMITH. Routes 69 and 70. Route 69 is from New York to Mexican ports and return, and route 70 is from New York to Habana and return.

Senator MALLORY. To what Mexican ports do you run?

Mr. SMITH. Vera Cruz.

Senator MALLORY. Tampico?

Mr. SMITH. Yes, sir.

Senator MALLORY. Progreso?

Mr. SMITH. Yes, sir.

Senator MALLORY. Do you carry mail from Mexico and Cuba?

Mr. SMITH. Yes, sir.

Senator MALLORY. Your mail subsidy does not provide for that?

Mr. SMITH. We are only paid outward.

Senator MALLORY. I should like to get your opinion as to the advisability of our extending the mail subsidy to South American ports—say to Venezuela and Rio Janeiro and the Argentine. Do you think we could by mail subsidy stimulate that business so as to support lines as you say yours has been supported?

Mr. SMITH. I believe so. There is a service now between New York and Venezuela.

Senator MALLORY. The Red D Line?

Mr. SMITH. Yes.

Senator MALLORY. What compensation do they receive?

Mr. SMITH. They receive the same compensation we receive—\$1 a mile. I can not give you the total figures.

## SPEED OF CARGO VESSELS.

Representative MINOR. I notice in your statement, referring to cargo steamers, you omitted to state whether you thought it necessary to prescribe a certain speed.

Mr. SMITH. I did not go into the details.

Representative MINOR. Would you regard it as wise to prescribe a speed for cargo vessels, or would you advise the construction of those vessels on purely business principles—the more trips the more money?

Mr. SMITH. I perhaps could answer the question by stating the present condition. There are cargo vessels to-day which compete with ours that make all kinds of speed, from 5 knots up to 10 knots. It seems to me that is a matter which could be easily arranged by compensation.

Representative MINOR. Is it not a fact that if the Government should grant to a cargo vessel, for instance, a subsidy based upon speed, the bill would also prescribe a certain test, and by the selection of coal and picked firemen and giving it every possible advantage in making that test, she would make more knots per hour than she would ever make again?

Mr. SMITH. There is no question about it.

Representative MINOR. And the Government would, during the life of the subsidy, pay an amount based on the speed that the vessel made on the test?

Mr. SMITH. There is no question about it to a certain extent.

Representative MINOR. Have you any vessels on these lines which are not under subsidy?

Mr. SMITH. Yes, sir; a large number of vessels.

Representative MINOR. You run a certain number which get the mail subsidy?

Mr. SMITH. Yes, sir.

Representative MINOR. Then you have others——

Mr. SMITH. Which get absolutely nothing.

Representative MINOR. Which get nothing. Those were put on, I suppose, after you built up the trade there?

Mr. SMITH. To which do you refer?

Representative MINOR. The vessels that are not under subsidies. You put those on in addition after you had built up the trade?

Mr. SMITH. Those were the first vessels the company built. The fastest and the largest vessels we have are vessels which we built practically with the aid from the Government.

## SUBSIDY HELPS ENTIRE BUSINESS.

Representative MINOR. Of course the mail subsidy helps out the entire business?

Mr. SMITH. The vessels that are not under the subsidy are not paying our company. We are losing, actually losing to-day. That can be verified by figures, and our other line equalizes it and maintains the thing going as it is. That is due to the competition we have to-day with Germans and British, etc., in carrying the heavy trade from the south of Cuba especially.

Senator MALLORY. I understood you to say that the unsubsidized vessels are on the same route that the subsidized vessels are?

Mr. SMITH. If I said so I did not mean to. They are not on the same route.

Representative MINOR. It is substantially the same trade, though?

Mr. SMITH. Yes.

#### FINANCIAL STATUS OF WARD LINE.

Representative McDERMOTT. When did your incorporation take place?

Mr. SMITH. About twenty-two years ago.

Representative McDERMOTT. What is the amount of capital?

Mr. SMITH. Two millions and a half.

Representative McDERMOTT. What is the amount of your bonded debt?

Mr. SMITH. The bonded debt to-day is under \$100,000.

Representative McDERMOTT. What rate of interest do you pay on the bonds?

Mr. SMITH. Six per cent.

Representative McDERMOTT. You formed your corporation about twenty-three years ago?

Mr. SMITH. About that time. I can not give you the exact date now.

Representative McDERMOTT. Did you take over any other line?

Mr. SMITH. We took over the Alexandre Line.

Representative McDERMOTT. Any other?

Mr. SMITH. No, sir.

Representative McDERMOTT. Your capital included the amount paid for the Alexandre Line?

Mr. SMITH. Yes, sir.

Representative McDERMOTT. And your present capital includes the Alexandre Line?

Mr. SMITH. Yes, sir.

Representative McDERMOTT. When did you pay your first dividend?

Mr. SMITH. It was before my time there. I could not answer the question.

Representative McDERMOTT. How many years have you been there?

Mr. SMITH. About twenty years, but not in my present position.

Representative McDERMOTT. What is the first dividend you recollect?

Mr. SMITH. Ten years ago.

Representative McDERMOTT. Were there any dividends before that?

Mr. SMITH. Not for a long period.

Representative McDERMOTT. For how long?

Mr. SMITH. Fully ten years before that.

Representative McDERMOTT. Is there much of a surplus annually from the management of the business? Did you put your surplus into new ships?

Mr. SMITH. Yes, sir.

Representative McDERMOTT. You put it into new ships instead of declaring dividends?

Mr. SMITH. Yes, sir.

Representative McDERMOTT. The first year that you declared a dividend, within your recollection, was ten years ago?

Mr. SMITH. Yes, sir.

Representative McDERMOTT. Did you declare a stock dividend?



Mr. SMITH. That is what I have reference to—a dividend on the stock.

Representative McDERMOTT. I mean a stock dividend or a cash dividend.

Mr. SMITH. A cash dividend.

Representative McDERMOTT. Of how much?

Mr. SMITH. Six per cent.

Representative McDERMOTT. That was in 1892, was it not; ten or twelve years ago?

Mr. SMITH. The first dividend?

Representative McDERMOTT. Yes, that you recollect.

Mr. SMITH. It was not over ten years ago. I am quite sure it was in August, ten years ago.

#### SIX PER CENT A YEAR.

Representative McDERMOTT. That was 6 per cent. When was the next dividend?

Mr. SMITH. The next year.

Representative McDERMOTT. And every year since?

Mr. SMITH. Yes, sir.

Representative McDERMOTT. Never higher than 6 per cent?

Mr. SMITH. Never higher than 6 per cent.

Representative McDERMOTT. Have you declared during the last twelve years any stock dividend, increasing your stock?

Mr. SMITH. No, sir.

Representative McDERMOTT. While in competition with Spanish vessels, taking your entire system, and receiving about \$200,000 a year from the Government as a subsidy—that subsidy commencing when?

Mr. SMITH. In November of 1892.

Representative McDERMOTT. You have declared 6 per cent dividends right along while in competition with Spanish vessels?

Mr. SMITH. No, sir. Spanish vessel competition ceased.

Representative McDERMOTT. When?

Mr. SMITH. Certainly within the last ten years.

Representative McDERMOTT. Before the Spanish war?

Mr. SMITH. Prior to that the steamers had ceased to run.

Representative McDERMOTT. When did they stop?

Mr. SMITH. I could not tell you the exact time.

Representative McDERMOTT. You receive annually about \$200,000 from the Government?

Mr. SMITH. We do.

#### MAIL AS FREIGHT.

Representative McDERMOTT. Taking the bulk of the freight that you have in the mail, treating the mail as freight, how does the amount of money paid by the Government to you compare with the amount that would be paid by shippers occupying the same space?

Mr. SMITH. The difference would be tremendous.

Representative McDERMOTT. In other words, the mail that you carry is, so far as the space in the ship is concerned, a negligible quantity?

Mr. SMITH. It is very small.

Representative McDERMOTT. It is nominal?

Mr. SMITH. If it was hay, it would pay us a few dollars.

Representative McDERMOTT. Take it on that basis. If it were hay instead of mail, what would it pay you a year—\$100?

Mr. SMITH. Possibly \$100; it might pay \$500.

Representative McDERMOTT. Over \$500?

Mr. SMITH. Probably not. Hay is a very poor-paying commodity.

Representative McDERMOTT. Take the best-paying commodity occupying the same space for a year in transportation—would the pay be over \$1,000?

Mr. SMITH. It is a very difficult question to answer.

Representative McDERMOTT. I know it is difficult, because it is hard to select anything to compare with it.

Mr. SMITH. Sometimes we receive three or four truckfuls of mail. It takes a large space, and weighs as much as 5 or 6 or even 10 tons. Then again we may receive only 2 or 3 bags.

Representative McDERMOTT. What is your average for last year?

Mr. SMITH. I have never kept any record of it.

Representative McDERMOTT. You have records?

Mr. SMITH. Records of what?

Representative McDERMOTT. Of the tonnage.

Mr. SMITH. Of the tonnage carried in the vessels as cargo?

Representative McDERMOTT. No; the tonnage of the mails.

Mr. SMITH. No; we have not any records. We have the number of packages we carry.

Representative McDERMOTT. You do not weigh them?

Mr. SMITH. No, sir; we are not paid by weight. It makes no difference whether we carry 1 bag or 100 bags; we receive the same compensation.

Representative McDERMOTT. Substituting ordinary freight for the mails, can you estimate from your books the amount of space they occupy by the year?

Mr. SMITH. The mail we have carried?

Representative McDERMOTT. Yes.

Mr. SMITH. I can give you a rough estimate—very rough.

Representative McDERMOTT. That is all I want.

Mr. SMITH. The mail we carry in a ship once or, rather, twice a week would probably be carried in the space taken by this table.

Representative McDERMOTT. The space taken by the whole table?

Mr. SMITH. This table; this space in here [indicating].

Representative McDERMOTT. That is about—

Mr. SMITH. Say two truck loads, perhaps, roughly speaking.

Representative McDERMOTT. What would the average freight be on two truck loads at your average freight rate?

Mr. SMITH. If it was specie or jewelry it would be very large. On an average cargo, \$6 or \$8 a ton—\$50 or \$60 for the mail we carry.

Representative McDERMOTT. That amount each week?

Mr. SMITH. Twice a week.

Representative McDERMOTT. A hundred and twenty dollars a week?

Mr. SMITH. Roughly speaking.

Representative McDERMOTT. Then you receive from the Government at present under the postal subsidy on your line the difference between what would be produced if that space was utilized in carrying freight and \$203,000?

Mr. SMITH. Yes, sir.

## BENEFIT TO UNITED STATES.

Representative McDERMOTT. What benefit has your line been to the Government of the United States since it was given that subsidy?

Mr. SMITH. From the postal standpoint and measuring the mail as a commodity it has certainly been a very heavy rate of freight to pay, I will admit.

Representative McDERMOTT. I am not talking about the rate. I have no objection to that. It is about the ordinary rate paid. But of what benefit has your line been to the Government because of the receipt of that subsidy?

Mr. SMITH. We have opened up commerce. We have developed the commerce of the United States to a great extent.

Representative McDERMOTT. Tell us what you have done in that respect.

Mr. SMITH. We are running, as Mr. Clyde said yesterday, practically an express line. We are taking in our vessels cargoes of every description.

Representative McDERMOTT. Is there any competition with you at all?

Mr. SMITH. There is competition in a measure. There is competition in the larger and heavier commodities like coal and wool and hides and lead and sisal.

Representative McDERMOTT. Who compete with you in this trade?

Mr. SMITH. Foreign vessels. They go to the ports and remain a week or two and get the large shipments and pick up all they can besides, when we, under the requirements of this act, must go at stated intervals, on stated days, at stated hours, and be back and make a certain speed.

In that way we give a service which is practically an express service to the shipping community both here and at the other end of the line. That has brought about a large development in the Mexican trade especially, because it enables the shippers to make shipments with regularity. They know exactly when the ship is going. They know the rates. It has opened up very many branches. Very many houses have opened here in various branches of industry, and we claim that, although we have benefited by that act ourselves, we have benefited the commerce of the United States to a very large extent.

Representative McDERMOTT. That you have built up trade?

Mr. SMITH. Yes, sir.

Representative McDERMOTT. That you have built up trade between the countries. That is an individual benefit. It may affect a large number of individuals or a small number of individuals, but it is nevertheless an individual benefit. What national benefit has been derived?

Mr. SMITH. We have taken the mails to places where they could not go otherwise, where nobody else could take them, perhaps.

Representative McDERMOTT. That is one instance. Is there any other you think of?

Mr. SMITH. In addition to that, the provisions of the act compel us to carry apprentices on board those vessels and to give them an education.

## YOUNG MEN FOR NAVY.

Representative McDERMOTT. In your fair judgment, during the twelve years that you have been in receipt of the subsidy, approximating \$200,000 a year, how many men have you turned out who would be of any use in time of war?

Mr. SMITH. In what capacity? As sailors?

Representative McDERMOTT. Yes.

Mr. SMITH. I think a great many.

Representative McDERMOTT. How many?

Mr. SMITH. You find our men in almost every line in the United States.

Representative McDERMOTT. How many?

Mr. SMITH. I can not answer the question by numbers. I can give you a fair average. Out of 150, perhaps, or 160 cadets that we take in the course of a year we have an average of 30 to 40 promotions. We have in our service captains who entered our service as cadets. I can mention 3 in our employ to-day.

Representative McDERMOTT. You take into your service on an average 150 boys a year. Of those, 30 remain permanently, rising necessarily as they grow older to better positions. In ten years that would be 300 cadets who have been fitted for seamen's life. Now, of what use would they be to the Navy in time of war?

Mr. SMITH. You mean in the auxiliary navy?

Representative McDERMOTT. On battle ships and for auxiliary cruisers.

Mr. SMITH. We had an illustration of that during the late war. On the transports they were very useful. I do not know whether under the naval rules they would be required to be expert gunners. I do not suppose they could do that work.

Representative McDERMOTT. They are not educated in that line?

Mr. SMITH. No, sir; but as sailors, as navigators, as handy men about a ship, on transports they would be very useful. That was proved in the last war, when we furnished nine ships.

Representative McDERMOTT. How many men did you furnish?

Mr. SMITH. We furnished nine vessels and I should say the average was 60 on each vessel. Taking all the ships, it would be over 500 men.

## LINERS AS TRANSPORTS.

Representative McDERMOTT. What service did the vessels render?

Mr. SMITH. They were transports. They carried the troops.

Representative McDERMOTT. Do you think it would be any trouble for the United States of America in any war that could possibly arise to obtain transports?

Mr. SMITH. American transports?

Representative McDERMOTT. American or any other kind. We could relax our law so that we could use any transports.

Mr. SMITH. I can not answer the question; but if you depended upon American transports I do not know where you would find them now.

Representative McDERMOTT. With the money in our Treasury we would buy or lease any vessel, whether it was American or any other nationality. Can you imagine a condition of war in which the United States would have to rely on subsidized vessels for transport service?

Mr. SMITH. My answer to that would be that if you depended on purchase you would have to purchase foreign vessels, but you would not be able to purchase the men to man them. Those men would have to be educated, and they would have to be thoroughly patriotic Americans to be fit for that service.

Senator LODGE. During the Spanish-American war we were obliged to charter a number of foreign vessels.

Mr. SMITH. I believe so.

Senator LODGE. Did not the crews invariably leave them?

Mr. SMITH. A good many of them did.

Senator LODGE. A good many of them were compelled to do so under what are known as foreign enlistment acts?

Mr. SMITH. Yes, sir.

Representative McDERMOTT. Was there any trouble in supplying their places?

Mr. SMITH. There was no trouble.

Representative McDERMOTT. Is our coastwise trade in such a condition that if we were to buy a transport to use in time of war we could not man it?

Mr. SMITH. You may man it in a fashion.

Representative McDERMOTT. For purposes for which transports are ordinarily used, do you think there would be any trouble?

Mr. SMITH. It would depend very much upon where the transport went.

Representative McDERMOTT. In your lifetime, perhaps, or, to put it a little further back, in mine, there has been only one year in which we wanted to hire transports. That was the year of the Spanish-American war, 1898, and no other; and we will not have any occasion for that kind of service until another war arises. You supplied, out of ten years' subsidy, 300 men who had been educated so that they could navigate vessels, and the subsidy paid you during that time was something over \$2,000,000. That was the result so far as concerns furnishing navigators.

Mr. SMITH. Yes, sir; but there are other considerations.

Representative McDERMOTT. I know there are, but we have been over those. I wanted to see if my figures were right; that is all.

#### ALL BUILT IN UNITED STATES.

Senator LODGE. Your ships were built and are repaired in American yards?

Mr. SMITH. Absolutely; every pound and every particle of those ships is the product of American labor and was produced in America.

Senator LODGE. Your ships are owned in this country?

Mr. SMITH. Yes, sir; they are owned in this country. There is only one exception to my former statement. There is a vessel we purchased, built in England. It is an American vessel now, because it was captured. With that exception, all our American vessels have been built here.

Senator LODGE. And all you build are built in American yards and are repaired here?

Mr. SMITH. Yes, sir; in the United States.

Senator LODGE. And the money you earn is divided among your stockholders. Are they Americans?

Mr. SMITH. Every one of them.

Senator LODGE. And the freights that are paid remain in the country and do not go out?

Mr. SMITH. That is the absolute fact.

Senator LODGE. You have built up some commerce there?

Mr. SMITH. We think so, decidedly.

Senator LODGE. You have added to American business?

Mr. SMITH. I think we have, most decidedly.

Senator LODGE. That is in addition to the Government having the use of nine of your ships when they were called on for war purposes?

Mr. SMITH. Yes, sir; during the war.

Representative McDERMOTT. How many ships have you altogether?

Mr. SMITH. Altogether we have nineteen vessels.

Representative McDERMOTT. The work they give to American shipyards does not amount to anything worthy of notice?

Mr. SMITH. On the nineteen vessels?

Representative McDERMOTT. Yes.

Mr. SMITH. I do not understand the question.

Representative McDERMOTT. Is the amount of work which the nineteen vessels give to American shipyards in the way of repairs a factor of any amount?

Mr. SMITH. It amounts to thousands of dollars.

Representative McDERMOTT. Thousands of dollars a year?

Mr. SMITH. Yes, sir.

Representative McDERMOTT. How many thousands?

Mr. SMITH. It is very difficult to answer; it varies.

Representative McDERMOTT. Can you roughly give it as to each ship?

Mr. SMITH. There are many repairs effected while the ship is in port. On some vessels of the higher class we may spend as much as \$400 or \$500 or \$600 on ordinary repairs effected by the vessel in port. We have a periodical survey every year. We generally lay up the ship for a month; take it off for a trip. Those repairs vary according to the condition of the vessel.

Senator MALLORY. Do you not estimate a certain amount or percentage for repairs?

Mr. SMITH. No, sir; we have not done that in our company.

Representative McDERMOTT. You have no depreciation account?

Mr. SMITH. No, sir; we have been governed strictly by circumstances.

Representative McDERMOTT. Your nineteen vessels, you say, do really employ a good many men in making repairs?

Mr. SMITH. Large numbers of men in yards.

#### FIVE FAST SHIPS.

Senator LODGE. Have you built any new ships lately?

Mr. SMITH. We have built five ships.

Senator LODGE. Fast ships?

Mr. SMITH. All of them fast ships. All are what we call under the act second-class vessels.

Representative McDERMOTT. If you bought those ships abroad they would need the same amount of repairs?

Mr. SMITH. Yes, sir; I presume so.

The CHAIRMAN. But purchasing them abroad would not give employment to any American yards?

Mr. SMITH. No, sir.

Senator LODGE. How much did the largest cost?

Mr. SMITH. The largest vessel, all fitted up, cost \$800,000.

Senator MALLORY. What is her tonnage?

Mr. SMITH. Six thousand tons.

Senator MALLORY. What is her speed?

Mr. SMITH. Eighteen knots.

Senator MALLORY. How many of them have you?

Mr. SMITH. One.

Senator MALLORY. You have only one of 18 knots?

Mr. SMITH. We have two vessels of 5,700 tons each. They are 16-knot ships.

Senator LODGE. They cost how much?

Mr. SMITH. In the vicinity of \$550,000 apiece; perhaps \$600,000.

Representative SPRIGHT. When was the last of these five ships built?

Mr. SMITH. Then we have two more to complete the five. They are vessels of 4,500 tons each, which cost us about \$550,000 a piece, the prices varying according to the conditions that existed at the time.

Senator LODGE. You have spent on those five vessels something over three million dollars?

Mr. SMITH. Whatever is the total of the figures I have mentioned.

Senator LODGE. That money has been spent in American yards.

Mr. SMITH. It has been spent in the United States.

#### COST OF SHIPS CHIEFLY LABOR.

The CHAIRMAN. What proportion of it went to labor?

Mr. SMITH. That question, sir, I am not competent to answer. I imagine very largely—perhaps eighty or ninety per cent, but I do not know. I am not myself familiar with shipbuilding.

Representative McDERMOTT. Do you know what proportion the building of your vessels bears to the total tonnage built in American shipyards during the same time?

Mr. SMITH. The proportion of the total building? I am afraid I can not answer the question. I have not looked into it, but I think it could be very easily ascertained from the reports of the Commissioner of Navigation.

Senator LODGE. Mr. Cramp told me he built some of those vessels for you.

Mr. SMITH. Yes, sir.

Senator LODGE. And the labor was 63 per cent, and the material, which I take it was all American material, was 37 per cent.

Mr. SMITH. Yes, sir; he is competent to pass on that point.

Representative McDERMOTT. If you made any inquiry, what could you purchase similar vessels for abroad?

Mr. SMITH. We have not inquired, because we knew we could not use them in our service.

Representative McDERMOTT. You stated, in answer to an inquiry, that the stockholders in your corporation were all Americans, and you said the money was, therefore, paid here and kept here. Do you think any one of your stockholders, being well advised of a probable increase in the dividend paid by the Canadian Pacific Railroad, would be sufficiently patriotic to refrain from investing his money in Canada?

Mr. SMITH. I could not answer the question.

Representative McDERMOTT. You do not mean that when your stockholders receive their money they have regard for any other question than the proper investing of it? They do not keep it in this country particularly?

Mr. SMITH. I do not know what they do with their money, but I know they are Americans.

Representative McDERMOTT. They put it where it will produce the most?

Mr. SMITH. I presume so.

Representative McDERMOTT. They are not, so far as concerns the investing of their money, like the commodore in Pinafore—

But in spite of all temptations  
To belong to other nations  
He remains an Englishman!

Many of your stockholders have foreign investments, have they not—investments in railroads in Canada; investments in steamship lines between this country and abroad?

Mr. SMITH. I do not know that any one of them has.

Representative McDERMOTT. You do not know?

Mr. SMITH. I am not quite positive whether they have or not.

The CHAIRMAN. Even if they had, they get their dividends, which they spend in this country, if they are fortunate enough to get dividends.

#### POSTAL AND OTHER SUBSIDIES.

Representative MINOR. Mr. McDermott by his questions illustrated the fact that the amount of money you receive for transporting the mails is out of proportion to what you would have received if you were carrying ordinary freight.

Mr. SMITH. Yes, sir.

Representative MINOR. You admitted that?

Mr. SMITH. Yes, sir.

Representative MINOR. Which, of course, is true?

Mr. SMITH. Yes, sir.

Representative MINOR. Is it not a fact that the Government made a profit on the mail you carried? The Post-Office Department reports a profit of \$800,000 a year.

Mr. SMITH. I am informed by people in Washington that the Post-Office Department did make a profit.

Representative MINOR. I have the report here.

Mr. SMITH. That is our information. I believe it to be true.

Senator LODGE. Is there a subsidized English line running to the West Indies?

Mr. SMITH. To the West Indies?

Senator LODGE. Yes.

Mr. SMITH. Not from the United States.

Senator LODGE. I asked whether an English subsidized line was running to the West Indies?

Mr. SMITH. From England there are a number of lines, and also from Germany.

Senator LODGE. Some of them are subsidized?

Mr. SMITH. They are all subsidized. They run to Cuba and Mexico.



Senator LODGE. I have been told that those lines paid their dividends out of the subsidies.

Mr. SMITH. There are several lines that run to Cuba and Mexico and generally touch United States ports on the way back and return with our cotton.

Senator LODGE. They are subsidized lines?

Mr. SMITH. Yes, sir; all of them.

Representative McDERMOTT. Is not the subsidy in each case a postal subsidy? Do you know of any mercantile subsidy?

Mr. SMITH. I do not.

Representative McDERMOTT. Do you know of any subsidy that England grants which is not a postal subsidy?

Mr. SMITH. I can not answer the question.

Senator LODGE. That is not true of the line to Jamaica, which has a subsidy.

Mr. R. A. C. SMITH. That is the Elder-Dempster line.

Senator LODGE. There is an English line running to Jamaica that gets a mercantile subsidy, although almost all English subsidies are postal subsidies.

#### DETAILS AS TO WARD LINE.

Mr. ALFRED G. SMITH. I have here some data concerning our line which I shall be glad to submit to the Commission.

*Fleet of the New York and Cuba Mail Steamship Company, May 1, 1904.*

#### OCEAN STEAMERS—AMERICAN, THIRD-CLASS, CONTRACT.

Name.	Tonnage.	Speed.	When built.
		<i>Knots.</i>	
Morro Castle.....	6,004	18	1900
Mexico.....	5,667	17	1898
Havana.....	5,667	17	1898
Esperanza.....	4,702	16	1901
Monterey.....	4,702	16	1901
Seguranca.....	4,033	14½	1890
Vigilancia.....	4,115	14½	1890
Yucatan.....	3,525	14	1890
Orizaba.....	3,497	14	1890
Yumuri (sold to United States Government).....	3,497	14	1890
City of Washington.....	2,683	15	1877
Seneca.....	2,729	14	1884
Saratoga.....	2,820	14½	1878

#### OTHER AMERICAN STEAMERS (NONCONTRACT).

Santiago.....	2,359	13	1879
Niagara.....	2,265	12½	1877
Matanzas.....	3,094	12	1883

#### FOREIGN SHIPS (CUBAN).

Nanzanillo.....	1,815	11	1902
Yumuri.....	1,836	11	1902
Cienfuegos.....	1,887	10	1887
Santiago de Cuba.....	1,111	10	1878

Fleet of the New York and Cuba Mail Steamship Company, May 1, 1904—Continued.

## RECAPITULATION.

	Number.	Tonnage.
American contract vessels:		
Second class .....	3	17, 338
Third class .....	10	36, 303
Deduct sold .....	13	53, 641
Total contract .....	1	3, 497
American noncontract vessels .....	12	50, 144
Foreign .....	3	7, 718
Grand total .....	15	57, 862
	4	6, 649
	19	64, 511

Name.	Monthly pay.	Captains.	Officers.	Carpenters.	Boatswain and quartermasters.	Seamen and D. boy.	Chief engineers.	Assistant engi- neers.	Oilers.	Firemen.	Coal passers.	Stewards, etc.	Cooks.	Pantry porters, etc.	Waiters and bell boys.	Pursers.	Total crew.
Cienfuegos .....	\$1, 212	1	2	1	...	6	1	2	2	3	3	1	2	3	2	1	29
Manzanillo .....	1, 199	1	2	1	1	6	1	2	2	3	3	1	2	3	2	1	30
Yumuri .....	1, 199	1	2	1	1	6	1	2	2	3	3	1	2	3	2	1	28
Santiago de Cuba .....	1, 199	1	2	1	...	6	1	2	2	3	3	1	2	3	2	1	28
Total .....	4, 809	4	8	4	2	24	4	8	8	12	8	4	8	9	6	4	113

Name.	Monthly pay.	Captain.	Officers.	Carpenter.	Boatswains and quartermasters.	Seamen and D. boy.	Cadets.	Chief engineer.	Assistant engineers.	Oilers.	Water tenders.	Firemen.	Coal passers.	Stewards, etc.	Cooks.	Pantry porters, etc.	Waiters, bell boys, etc.	Pursers.	Total crew.
Morro Castle .....	\$4, 144	1	3	1	4	15	7	1	3	6	6	18	15	6	5	10	2	2	128
Mexico .....	3, 317	1	3	1	3	11	6	1	3	6	6	12	9	5	6	6	17	95	
Havana .....	3, 367	1	3	1	3	13	5	1	3	6	6	12	9	5	6	6	14	96	
Esperanza .....	3, 145	1	3	1	3	11	5	1	3	6	6	9	9	5	6	6	20	95	
Monterey .....	3, 145	1	3	1	3	11	5	1	3	6	6	9	9	5	6	6	20	95	
Vigilancia .....	2, 745	1	3	1	3	12	4	1	3	3	3	9	6	4	5	6	14	80	
Segurancia .....	2, 745	1	3	1	3	12	4	1	3	3	3	9	6	4	5	6	14	80	
Yucatan .....	2, 640	1	3	1	3	11	4	1	3	3	3	9	6	4	5	6	10	75	
Orizaba .....	2, 640	1	3	1	3	11	4	1	3	3	3	9	6	4	5	6	10	75	
Saratoga .....	2, 078	1	2	1	3	9	...	1	3	3	3	9	6	4	5	6	1	52	
Seneca .....	2, 233	1	3	1	3	9	...	1	3	3	3	9	6	4	5	6	1	55	
C/ Washington .....	2, 368	1	3	1	3	9	...	1	3	3	3	9	6	4	5	6	1	58	
Niagara .....	1, 973	1	2	1	3	9	...	1	3	3	3	9	6	4	5	6	1	49	
Matanzas .....	1, 973	1	2	1	3	9	...	1	3	3	3	9	6	4	5	6	1	49	
Matanzas .....	1, 834	1	3	1	3	9	...	1	3	3	3	9	6	4	5	6	1	43	
Total .....	40, 347	15	42	15	46	161	35	15	45	60	33	138	105	58	71	90	162	24	1, 125

Dates of initial trips of the following vessels: *Havana*, February 4, 1899; *Mexico*, June 17, 1899; *Morro Castle*, November 1, 1900; *Esperanza*, May 8, 1901; *Monterey*, June 19, 1901.

*Cadets*.—Average employed per year, 168; average promotions per year, 28.

MAIL CONTRACTS EXECUTED BETWEEN THE POSTAL AUTHORITIES AND THE NEW YORK AND CUBA MAIL STEAMSHIP COMPANY.

*First contract*.—Under Postmaster-General Wanamaker, on routes 69 and 70, New York to Habana and Mexican ports and return; and New York to Habana and return, respectively.

Contract for five years from November 1, 1892, to October 31, 1897. Vessels of the third class. Compensation at the rate of \$1 per mile, outward only. Total compensation per year, both routes, \$203,580.

*Second contract.*—Under Postmaster-General Gary, same routes and compensation, etc., as under first contract. Contract for five years from November 1, 1897, to October 31, 1902. Total compensation per year, both routes, \$203,580.

This contract provides that in addition to the regular vessels of the line, other vessels, two in number, approximating the higher or second-class vessels, should be built, and it was agreed that construction of one of the two new vessels aforesaid should be commenced at once and be pushed to completion, and that construction of the other should commence within six months from date of completion of the first one.

Two vessels were at once contracted for and completed, the first one, the *Havana*, entering the service February 4, 1899, and the second vessel, the *Mexico*, entering the service June 17, 1899.

*Third contract.*—Under Postmaster-General Payne, on route 70, for five years from November 1, 1902, to October 31, 1907, New York to Habana and return, and on route 69, for ten years from November 1, 1902, to October 31, 1912, New York to Mexican ports and return. Vessels of the third class and compensation same as above, i. e., at the rate of \$1 per mile outward only. Total compensation per year, both routes, \$203,580.

NOTE.—While the contract is for vessels of the third class and the compensation is on that basis, the company placed in the service five ships, three of which are vessels of the higher or second class in all respects as to tonnage, speed, and all other requirements, and two of which are vessels of the second class as regards speed, etc., though slightly under the required tonnage.

The CHAIRMAN. At this point the Chair will take the liberty of saying that there will be a recess for luncheon from 1 until 2.30 o'clock to-day, and that the progress which is being made, interesting as it is, develops the fact that we shall have to sit here to-morrow forenoon. We are due in Philadelphia on Thursday morning. We will not be able to stay here longer than 12 o'clock or thereabouts to-morrow. The Chair will therefore take the liberty of admonishing the gentlemen who are to follow that it is desirable that they should be as brief as possible.

## REPORT OF SPECIAL COMMITTEE OF THE MARITIME ASSOCIATION OF THE PORT OF NEW YORK.

MR. FIELDS S. PENDLETON. Mr. Chairman and gentlemen, pursuant to resolutions which I offered in the Maritime Exchange in June last a committee was appointed to look into the shipping subject, and with your permission I will ask the secretary, Mr. Smith, to read the report.

MR. A. R. SMITH. I will first read the resolutions under which the committee acted. The following resolutions were adopted by the board of directors of the Maritime Association of the port of New York on June 10, 1903:

"Whereas the decline of American shipping in the foreign trade from 2,600,000 tons in 1861 to less than 900,000 tons in 1902, during which period our foreign commerce has quadrupled in value, has long attracted the attention of the American people and has stimulated Congress to devise remedial measures, almost all of which have failed of enactment, and

"Whereas it is believed that the nation will be strengthened and protected if it has as an auxiliary means of national defense a large number of merchant ships, officered and manned by American citizens, and the workmen of the country will be benefited if they can

secure employment in the building and the running of the larger part of the ships required for the carriage of our imports and exports: Therefore, be it

“*Resolved*, That the Maritime Association of the port of New York, desirous of promoting the building of American shipping and the employment of American officers and seamen in their navigation in our foreign trade, hereby authorizes the president of this association to appoint a committee of five to ascertain by what method ships built in American shipyards, officered and manned by American citizens, may most quickly and effectively secure the larger part of our foreign carrying, the said committee to present its report to the board of directors of this association no later than December 1, 1903; and be it further

“*Resolved*, That the committee appointed pursuant to this resolution is further authorized to confer and cooperate with similar committees appointed by other organizations to undertake a like investigation.”

The report, which was made by the committee appointed under the resolutions, is as follows:

NEW YORK, *May 21, 1904.*

C. B. PARSONS, Esq.,

*President Maritime Association of the Port of New York,  
New York City.*

DEAR SIR: The undersigned, members of the committee appointed by you, pursuant to a resolution of the board of directors of the Maritime Association of the port of New York, adopted on June 10, 1903, “to ascertain by what method ships built in American shipyards, officered and manned by American citizens, may most quickly and effectively secure the larger part of our foreign carrying,” after as careful and extended consideration of the subject as the information in our possession and the time at our disposal afforded, recommend as follows: (1) The adoption of the discriminating-duty policy in what may be designated as the indirect trade, to wit, to collect extra or discriminating duties on the imports coming into the United States on foreign vessels from countries other than their own through such amendment of section 22 of the existing tariff act as may be necessary to accomplish that purpose. (2) Such an amendment of the ocean mail service act of 1891 as will provide reasonable mail compensation for steamships of sufficient speed on regular lines to make it desirable to utilize them for the carriage of the mails, having in view their usefulness as auxiliary cruisers and for the common defense. We would suggest that this policy should be pursued only in such cases and upon such routes as would fail otherwise to secure the establishment of steamship lines under the policy of discriminating duties on imports and tonnage dues.

In dealing with this question a number of complications are presented that are inapplicable to other industries, rendering a wise and practical solution of the problem difficult. These may be briefly enumerated as follows:

#### SHIPPING EVERYWHERE FOSTERED.

1. The development and maintenance of an effective merchant shipping, through governmental assistance and regulation, has long been the especial care of practically all of the great powers, while no great

interest has been so continuously neglected by the Government of the United States during the past forty years as that of its merchant shipping.

2. Some nations encourage the building of ships by direct payments from their national treasuries of bounties of a fixed sum per ton of hull and a fixed sum per horsepower of machinery, the two, in the case of steamships, aggregating a very substantial portion of the total cost of such construction. Other nations make extremely liberal payments from their treasuries for the carriage of the mails to steamships of regular lines; still others pay bounties based on the distance sailed and the size of the vessel; others, again, have domestic regulations of a character to stimulate the construction and ownership of merchant shipping through rebates on imported materials, low cost of transporting such materials over railroads controlled by the Governments, low rates of transportation on exports from interior points to distant foreign points when the exports are carried in national vessels; and still other nations maintain a system of payments based upon the admiralty usefulness of vessels, besides maintaining elaborate national naval reserves, in which their shipmasters, officers, and seamen are carried on the pay rolls of the nation during the entire period of their active employment afloat.

#### ESSENTIAL TO NATIONAL DEFENSE.

3. Reports of parliamentary and other committees that have studied this subject make it perfectly clear that other nations give this attention and pursue the different policies already outlined chiefly because of the military necessity for and the value of merchant ships and trained and experienced seamen, and incidentally because of the commercial advantages arising from such possession.

4. These important considerations bearing upon this subject very naturally invest it with an importance far greater than the economic advantages arising from the possession of merchant ships and seamen. We feel sure that no one can make a careful and thoughtful study of this subject and fail to be impressed with the necessity, from a military and naval point of view—from the paramount point of view of national defense—of a large, prosperous, and effective American mercantile marine. Nor can a study of the subject, together with a clear comprehension of the deplorable conditions of American shipping to-day, fail to impress the student with the dangers, both military and commercial, that threaten the United States because of its feeble and utterly inadequate merchant shipping.

5. Approaching the subject with these considerations in mind, it must be obvious that the benefit to individuals actively engaged in the ownership of vessels and in their construction and operation should only concern the nation to the extent of inducing it to make such provisions, in the enactment of law for the establishment of an American maritime policy, as to make the ownership, building, and operation of the merchant ships attractive to our citizens, and it can not be made attractive unless it is profitable. Such attraction and profit, however, are merely incidental to the strengthening of the national defenses and the promotion of the general welfare. If the legislation errs on the side of liberality the competition between our own people may be depended upon to quickly operate for the protection

of the Government, while if the legislation enacted is insufficient to make the venture into shipowning, shipbuilding, and ship operation attractive and profitable to individuals, the danger continues to threaten the nation. Indeed, even if all of our people were profitably employed in more attractive industries the national defense and welfare require the earliest possible enactment of such legislation as will attract our people into shipowning, shipbuilding, and ship operation upon a scale of sufficient magnitude to place the nation in possession of a large, powerful, and profitable mercantile marine.

#### BOTH BUILDING AND MAINTENANCE MORE COSTLY HERE.

6. National conditions over which our shipowners and shipbuilders have no control, and which they either individually or collectively are powerless to change, make the cost of building vessels in the United States much greater (probably at least 30 per cent) than the cost of building vessels in other countries. The cost of manning and victualing these American-built vessels is also much greater (probably 30 per cent) than the most of manning and victualing foreign vessels. In addition, there are other expenses in the management of vessels which are greater in the United States than they are in other countries, such as taxes, repairs, outfit, and equipment. Again, American investors are not satisfied with the small returns upon their investments that investors in other countries are. Most of these higher expenses are the outgrowth of conditions resulting from the policy of high protection that has obtained in the United States during practically the same period that American shipping engaged in the foreign trade has been declining. The cost of materials entering into the construction and outfitting of American vessels is necessarily higher because of the conditions that obtain in other industries that are highly prosperous under the protection afforded by the tariff—industries employing precisely the same materials that are employed in shipbuilding and outfitting. The wages of the workmen employed in our shipyards are upon the same high scale, due to the general standard of wages prevailing in similar industries that are great, powerful, and profitable under tariff protection. While these conditions continue to exist it is futile to suggest that ships can be built in the United States as cheaply as they can be built abroad. If they could, they would be, and the fact that they are not built at all indicates that their cost renders them unprofitable in comparison with foreign vessels.

7. If, therefore, other nations did none of the things that they so long have done and still do for the encouragement and maintenance of their merchant shipping, the differences in cost of construction, operation, etc., between American and foreign vessels would suffice to make it unprofitable, and hence unattractive to Americans to either invest in or build ships in the United States for the foreign trade. But when we add to these undeniable advantages that our foreign competitors possess over our own citizens the advantages that they also possess through governmental assistance and regulation, then the reasons why American vessels carry but 9 per cent of our total foreign commerce that is valued at nearly \$2,500,000,000 annually, and the reasons why foreign vessels carry over 90 per cent of this commerce, receiving therefor freight charges closely approximating \$200,000,000 annually, are pretty well explained and set forth. And these are the conditions

that Congress must recognize and adequately meet through the adoption of effective legislation before the problem of establishing an American merchant marine in the foreign trade measurably equal to the needs of our foreign carrying has been solved.

#### SHIPS FIRST PROTECTED.

At the inception of our Government under the existing Constitution, in 1789, the rapid and prosperous development of our merchant shipping was provided for through the policy of discriminating import duties and tonnage dues. The act as first drawn provided for a reduction of the duties below the sum fixed in the tariff when such imports came in American vessels. So rapid was the growth of our shipping, and so great the reduction in the duties caused thereby, that in a short time it became necessary to so change the act as to exact a higher duty on imports in foreign vessels than the amount fixed in the tariff and as applicable to imports in American vessels. In a few years the great bulk of our foreign carrying was transferred from foreign to American vessels, the latter for years carrying an average of 90 per cent of our foreign commerce. In 1826 American ships carried 92.5 per cent of our entire foreign commerce, a proportion never exceeded in the nation's history. Shortly thereafter, in 1828, Congress provided for the suspension of the discriminatory policy (under which our shipping had, for the prolonged period of nearly forty years, been so large, so powerful, and so prosperous), whenever it was shown to the President's satisfaction that it had been abandoned by other nations.

It was believed that protection was no longer necessary in order to enable American vessels to command our foreign carrying. Contemporaneously with the abandonment, by Presidential proclamation, of the discriminatory policy provision was inserted in our treaties and conventions of commerce and navigation, as from time to time they were exchanged with foreign Governments, by which we bound ourselves not to readopt that policy. This explains why it is that these treaties and conventions must be changed or abrogated, as they provide for, before the discriminatory policy can be readopted. As the discriminatory policy was gradually abandoned the proportion of the imports and exports carried in American vessels has steadily declined, so that instead of American vessels carrying 92.5 per cent, as they did in 1826, they now carry but 9 per cent. So marked, indeed, has been the decline in our shipping in the foreign trade that it is to-day less by 100,000 tons than it was nearly a century ago, although the commerce to carry has increased twentyfold.

#### A RETURN TO HISTORIC POLICY.

For the encouragement of American steamships other than those operating under the ocean mail service act, for the encouragement of American sailing vessels, and for the extension of our export trade we have recommended a return to the early American policy of discriminating import duties and tonnage dues, through an amendment of section 22 of the existing tariff act. The section in question still carries upon our statute books a remnant of the provisions of the act of 1789, by which the discriminatory policy was then applied to our maritime development. That it has not entirely disappeared from

our statutes shows the tenacity with which American statesmen have adhered to the shadow of a law the substance of which, in the full tide of its original application, accomplished so much for the upbuilding and maintenance of our shipping in the foreign trade.

Although changes have been made in our laws, and provisions have been made in a large number of our treaties with other nations that at present forbid a return to the discriminatory policy, we think that the laws should be so amended and the treaties so changed or, if necessary, abrogated as to permit of the reapplication of the policy of discriminating duties on imports and discriminating dues on tonnage, so as to restore that portion of the trade of the United States to American vessels that is now carried on in vessels coming from ports not their own, in ballast, or with cargoes for the United States, or seeking to secure cargoes from the United States to ports other than those of the country whose flag they fly. While we may concede that a British vessel, for example, may properly claim the right to bring a cargo to the United States, or to come in ballast from a British port, and to proceed in ballast or carry a cargo to a British port from the United States under the same terms that American vessels may do so, we do not concede the right of a British vessel to come to the United States with cargo or in ballast from a port not British, nor to carry a cargo from the United States to other than a British port upon the same terms as an American vessel. To foreign vessels engaged in trade of the character last outlined we recommend the application of a discriminating duty upon imports and a discriminating tonnage tax so arranged as to give a preference to American vessels; and in the case of such vessels coming with cargoes not now subject to a duty, we would subject their cargoes to such a duty as would create a preference for American vessels. The prompt construction of American vessels and the placing of them in the trade to which we have alluded would very quickly overcome the temporary inconveniences arising from the application of a duty upon imports not now subject to a duty.

The early and the ultimate effect of this policy would be to give to American vessels practically the entire carriage of the commerce between the United States and the West Indies, Central and South America, a considerable portion of Asia, and many of the islands of the sea. When we say to a nation—such, for example, as Cuba—that she may send her vessels to our ports with cargoes, or in ballast, or clear from the ports of the United States with cargo or in ballast for a Cuban port or ports, asking in return that American vessels be allowed like privilege, we have done all for Cuban vessels that Cuba may properly ask. And the same reasoning applies to British, or German, French, Italian, or other ships with respect to the trade between their port and ours.

This would give to each country their natural and just amount of shipping, because the countries that have ships to trade will be nearly equal, and with countries that have no tonnage we would do it all in American bottoms. This is fair, honorable, and just to all countries, giving, if anything, the countries in Europe, where labor is cheap, natural advantage of building their ships more cheaply than ours, but it gives us practically the entire shipments to and from countries in the trade with the United States that have no shipping of their own.

It would not do, of course, to provide for the discriminations here recommended and not provide for the possible evasions of our enact-



ment—for example, through the wholesale nationalization of British, German, French, Italian or other foreign ships, as Cuban, West Indian, Central or South American, except such ships were so nationalized before the introduction of the measure in Congress intended to carry this policy into effect. On the contrary, the recognition of such vessels as of the nationality of their flag should rest upon their having acquired such nationality before the introduction in Congress of the measure we recommend, or upon their having been built upon the soil of the country whose flag they carry. The adoption of this policy would, in effect, extend the coastwise laws of the United States to the trade of the Western Hemisphere, and it would immediately provide business for a shipping equal to the carriage of fully 30 per cent of the value and probably 50 per cent of the bulk of our foreign commerce. In other words, it would provide business for American tonnage approximately five times greater than that now under register in the foreign trade.

#### SHIPS ALONE NOW UNPROTECTED.

In the case of foreign shipping now carrying the foreign commerce of the United States, American vessels can at present find no profit because, as in the case of many French and a growing number of Italian sailing vessels, they receive such large bounties from their respective governments, based upon tonnage and distance sailed, and bounties upon construction as well, as to render American competition impossible because unprofitable. In the case of certain foreign steamers engaging in the trade between the United States and the West Indies, Central and South America, which return to their home ports only for repairs or upon the expiration of their charters, and which in many cases we are informed bring a large quantity of the provisions with which they victual their ships from their home ports and place them in United States bonded warehouses, from which they withdraw them as needed, the difference in the cost of their operation as compared with the cost of operating American vessels is but little more than one-half. The trade between the United States and the West Indies and Central America is all but monopolized by ships under the flags of European nations.

In respect to the products of the United States which are subject to the competition of foreign products, it has for nearly a half a century been the policy of the United States to levy such a duty upon imported competing products as to place the cost of their production as nearly as may be upon a level with the cost of similar productions in the United States. But this is not true of foreign ships. They are permitted to enjoy absolute free-trade relations with the United States; to compete, unrestricted by any tariff or other tax, freely with American vessels in the carriage of the imports and exports of the United States. While a British or a German factory upon the land, therefore, may find little or no market for its products in the United States, because of the restraining effect of the protective tariff, there is the best market in all the world for the products of British and German shipyards, because in the United States they find an unrestricted opportunity for the freest competition with the products of American shipyards.

Let us illustrate this case. Take the product of a British factory and a British shipyard, we will say, with both of them side by side in

the port of Liverpool. The product of the factory, in order to compete with similar products in the United States, is compelled to bear the expense of freightage to the United States, and then in all probability meet a tariff duty of 40 per cent, which affords ample protection to the American producers of similar products. But the British ship, launched from the shipyard right alongside of the British factory, is able to earn the freight charges on bringing the product of the British factory to the United States without being subject to any tax in the United States of any kind whatsoever, and, when in the United States, that British ship is permitted to compete on even terms with an American ship in the carriage of a cargo from the United States. The question arises, Why is the product of the British factory required to bear such a heavy tax in the United States and the product of the British shipyard permitted to bear no tax at all? Why is the labor in the American factory so deserving of protection against the competition of the labor in the British factory, and the labor in the American shipyard undeserving of any protection against the labor in the British shipyard? Does this not explain why it is that foreign shipping has increased and flourished in the foreign carrying trade of the United States.

#### A COSTLY DISCRIMINATION.

Does it not explain, in large degree at least, the cause of the prosperity of our land industries that are protected against foreign competition, and which grow great and prosperous as a consequence? And does not the lack of similar or equal protection for our ships in large part, if not wholly, explain the cause of their decline from 2,496,894 tons under register in 1861 to but 879,264 tons in 1903, during a time that the ocean-borne foreign commerce of the United States has increased in value from \$584,995,066 in 1861 to a value of \$2,240,797,420 in 1903? And why should the products of British, German, and other factories be subject to a high duty for the protection of American citizens producing similar articles, and the products of German and other shipyards be subject to no discrimination whatever in their competition, in the foreign carrying trade of the United States, with the products of American shipyards? Why this injustice, this unfairness, this withering free-trade discrimination against the American ship? We feel convinced that the American people are, to a very large extent, quite unaware of this unjust, unnatural, and demoralizing discrimination in the laws of the United States against one of the greatest, most valuable, and most necessary products of the United States.

In suggesting the discriminating duty policy to our people, many of them, when first considering it, recall that the value of our exports is one and a half times that of our imports, while the bulk of our exports is probably three or four times that of our imports, which results in a large number of vessels coming into the United States in ballast, against which, through the exaction of a duty on imports at least, there could operate no discrimination. This important phase of the question we commend to the serious consideration of the Congress in dealing with the subject. But their case could be provided for through the application of a tonnage tax sufficient to equalize their position when at an American port seeking business. But the application of the discriminatory policy would, as has been said, be most effective upon this hemisphere.

## MOST EFFECTIVE IN SOUTHERN TRADE.

Our exports to North American countries, including the West Indies and Central America (but excluding British North America), are about equal to our imports in value, the imports in 1902 amounting to \$102,288,951, and the former amounting to \$92,262,805. In the same year our imports from South America amounted in value to \$119,785,756, and our exports to South America amounted in value to \$38,043,617, so that our exports were not equal in value to one-third of our imports.

In other words, we could more than treble our exports to South America before they would equal in value our imports from that section. If the discriminatory policy here advocated were applied its effect would be most wholesome and beneficial in our trade with the West Indies, Central, and South America. Foreign vessels would then find it not so profitable to engage in what is known as "the triangular trade," by which the manufactures of Europe are sent to our West Indian, Central, and South American neighbors and their product brought to the United States, and the products of the United States shipped to Europe, a large portion of the latter being required to meet the obligations we incur through the purchase of the products of our neighbors to the south. On the contrary, there would immediately arise a demand for American vessels to bring the products of the south of us to our ports. American vessels would be in demand in order that the products we imported from that section could enter our ports without being subjected to an extra duty. American vessels would respond to the demand, but, in order to make the voyage out and back as profitable as possible, a systematic effort would be made to secure cargoes outward. These would be carried very cheaply, at a rate closely approximating the cost of carrying ballast, with the result that there would be a great opportunity opened to our manufacturers to secure access to markets to which they have but an indifferent service at present, and the freight rates exacted by American vessels would be so low as to have the effect of rapidly displacing European with American manufactures in the countries to the south of us.

Vessels engaged in the trade would be commanded by intelligent and alert Americans, who would make clear to their countrymen just what kind of goods, just how packed, what accommodations as to credit, etc., our neighbors to the south were enjoying, and the demand of our shipowners for outward cargoes would soon force itself upon our manufacturers and our exporters, with the result that we should soon very largely increase our export trade, and as a consequence of this frequent interchange of commodities cause a very healthy and satisfactory growth all along the line. There is no reason why a very much larger market should not be found for our manufactures in the West Indies, Central and South America, and by placing a discriminating import duty and tonnage tax on foreign vessels bringing cargoes to the United States from the countries to the south the most effective instrumentality possible would be invoked both for the benefit of our shipowners and our manufacturers.

## VALUABLE ALSO IN ORIENT.

In like manner larger opportunities would be open to American vessels in the trade between the United States and the Orient. The great and growing commerce between China and Japan and the United States would fall to American vessels through the imposition of discriminating import and tonnage dues upon all other foreign vessels coming from those ports than those flying the Chinese and Japanese flags. We quite properly regard ourselves upon the threshold of a new and enormous development upon the Pacific, to which nothing could so signally contribute to the advantage, immediate and lasting, of American vessels, as through the reasonable policy of discriminations that we recommend.

We should find, we have no doubt, that the discriminating duty policy, once inaugurated, would prove to be extremely attractive to the nations with which we trade. In the case of the few who now enjoy an undue share of the carriage of our imports and exports, it would not be so pleasing, but, happily, these are extremely few in number.

## LIBERAL BRITISH SUBSIDIES.

The policy of liberal compensation to steamships of regular lines for carrying the mails was adopted by Great Britain, in 1838, and in 1845 the first provision was made by our Congress for similar payments to American steamships of regular lines. This enactment led to the establishment of several American steamship lines in the late "forties," and early "fifties," which lines were discontinued when our Government withdrew the mail compensation, often called subsidies, in 1857. The Cunard Steamship Company, with which the British Government made its first contract for the ocean carriage of the mails in 1839, has ever since that time, a period of sixty-five years, regularly received such compensation, or subsidy. Only last year the British Government made a new contract with the company in question by which the Government lends the Cunard Company \$13,000,000 to provide for the construction of two large and swift steamships, and then provided for mail pay and admiralty subventions aggregating \$1,100,000 annually for twenty years.

It is worthy of mention that the British Government requires in the new contract under discussion, that the two new steamships shall be built "in the United Kingdom," which requirement reestablishes a policy, abandoned for half a century, of what is known as "free ships." It is tantamount to a declaration by the British Government that hereafter it will require that steamships, to enjoy subsidies, must be built in British shipyards. We instance this particular contract in order to show that, instead of departing from the policy of mail subsidy to steamships of regular lines other nations are increasing their payments and extending their steam tonnage in regular lines as a consequence.

From a national point of view, as we have already pointed out, steamships are most useful for naval auxiliary purposes, such as cruisers, swift and powerful scouts, transport and supply, collier and dispatch vessels. These, with their trained and experienced officers and seamen, constitute a strong resource of national defense, essential

to the full utility of the navy and invaluable to the nation. A nation lacking in these essentials for defense is weak and vulnerable. Other nations have built up their steamship lines through liberal payments for the carriage of the mails and payments designated as "Admiralty subventions," Great Britain, in the case of the two steamships already alluded to, having bound herself to pay, as "Admiralty subvention," the sum of \$750,000 annually to the owners of the two steamships for a period of twenty years. This policy of mail pay, subsidies, and admiralty subventions is in force in Great Britain, Germany, France, Italy, Spain, Austria, Russia, The Netherlands, and Japan. In short, where successful steamship lines are found, investigation will prove that they are sustained only by liberal allowances from their governments for the carriage of the mails and their availability as naval auxiliaries. The same policy has been pursued intermittently by the United States for nearly sixty years, and to it we owe the comparatively few steamships of regular lines that we now possess in the foreign trade.

#### OUR OCEAN MAIL ACT.

The Ocean Mail Service act, which we recommend the modification and amendment of, was passed in 1891, and has remained uninterruptedly upon the statutes for thirteen years. Since its adoption we have no knowledge of any attempt having been made in Congress to secure its repeal. It seems to be, and we believe it is, regarded as a policy essential to the establishment and continuance at regular lines of American steamships. The trouble has been that the act has been insufficient in its provisions to cause the establishment of new lines, and therefore we recommend its amendment. In respect of mail steamship lines we do not recommend any new policy for their creation, but merely such amendment to existing law, under existing policy, as to accomplish what was sought when the law was enacted in 1891.

At the moment of its enactment its provisions as to compensation for the carriage of the mails was cut down one-third from the amount originally fixed in the bill as introduced. Its enactment has resulted in the retention of the few steamship lines we then had engaged in the foreign trade, lines that would have probably long ago gone out of existence but for its enactment. Some interesting statistics are presented that have been effected or created by this act. Our steam tonnage under register in 1890, the year preceding the enactment of the existing ocean mail service act, amounted to 197,630 tons, which increased to 239,995 in 1891, the year of its enactment. It is as singular as it is significant that the American steam tonnage under register—that is to say, engaged in the foreign trade—was greater in 1866 than it was in 1890. When we consider that there was an actual decline in our steam tonnage under register during the twenty-four years ending with 1890, and that during this long period the indifference of our Government to its development was most marked, the growth of our steam tonnage under register during the past thirteen years is most interesting and instructive. It is gratifying to be able to state, therefore, that while our steam tonnage under register during the first year of the operation of the ocean mail service act of 1891 was but 239,995 tons, in 1903 it had increased to 527,401 tons, an increase substantially of over 100 per cent, although the number of steamships

under register has increased from 271 in 1891 to 357 in 1903, an increase in number of barely 30 per cent. It would, however, be misleading to ascribe the growth of our steam shipping under register during the past thirteen years to the enactment of the ocean mail service act alone.

#### REDUCED RATES INSUFFICIENT.

Of itself it was insufficient, in its compensation provisions, to cause the establishment of the only American line we now have in the trans-Atlantic trade, but its existence led to special legislation that resulted in the establishment of the line in question. On the other hand, the extension of our coastwise laws to the Hawaiian Islands brought into existence a new line of steamships that operate under register, and during the past few years, in the expectation of the enactment of national legislation helpful to American shipping in the foreign trade, approximately 100,000 tons of the new steam tonnage under register have been built that would not have been constructed but for that expectation. But one new American steamship line has resulted from the enactment of the ocean mail-service act of 1891. This is undoubtedly due to the fact that the mail compensation provided was insufficient to induce investment of American capital in unprofitable new lines of American steamships. Too much emphasis can not be laid upon this important fact: It is too often imagined that compensation for the carriage of ocean mails leads to vast profits for the shipowners. Those responsible for the reduction in the amount of compensation fixed in the act of 1891 doubtless believed that it would be quite sufficient to cause the establishment of new American steamship lines wherever they would be desirable. In this respect the act has been a complete failure. It has proved that the compensation fixed, instead of being attractive, is insufficient. Made sufficient, therefore, the original purpose of its authors would be accomplished, and this is what we recommend, because we believe that is what the people desire and what the nation urgently requires.

#### BIDS COMPETITIVE.

While the ocean mail service act fixes a maximum rate of compensation for the carriage of the mails, it does not necessarily follow that the maximum amount will in all cases be paid to the steamships that contract with the Government. The latter invites bids for the carriage of ocean mails under the provisions of the ocean mail-service act, and the maximum sum placed in the act merely places a limitation beyond which the Government may not go in making a contract. If the sum is insufficient there are no bids; if it is liberal, there will be probably enough bids to protect the Government from the payment of unreasonable rates. In any event the Postmaster-General may reject any or all bids if he see fit, which is an additional safeguard against overcharge by the steamship lines bidding for the contract.

In fixing the new rates in an amended ocean mail service act a due regard must be given to the extra cost of building, officering, manning, victualing, and running American as compared with foreign vessels; also for the amounts of compensation fixed by other governments, and the different forms of assistance extended by other governments to steamships with which our own will be compelled to compete; and,

finally, for the conditions existing in the United States in the matter of return upon investment. These several factors, properly considered, it should not be difficult for the rates to be so fixed as to insure a great increase in the number of new American steamship lines in the foreign trade.

#### AS TO RETALIATION.

Of course, there will be dire warnings of retaliation on the part of those whose interests are bound up with conditions as they at present exist, and no nation has more such in respect to its shipping requirements than the United States. It is quite impossible, in the case of a nation like ourselves, throughout the length and breadth of which the ramifications of foreign steamship interests extend, cropping up in the most remote and unexpected places, not to be constantly met with the suggestion that the adoption of any policy that could be recommended that would give to American vessels a more reasonable and a fairer share of our foreign carrying than they now possess would result in disaster. When a revision of our tariff is about to be undertaken we know the wiles and the ways by which foreign interests that are threatened with a loss of trade, or which seek a larger market in the United States for their trade, attempt to influence by intimidation and cajolery those who are charged with the duty of making the changes. These influences will all be aroused and they will have full play for their energies and their methods, but we must resolutely hold fast to our determination to at last do that for the American ship which nearly a half a century of neglect has necessarily made extremely difficult for us to do. We must expect embarrassments and inconveniences in the beginning to arise from such changes in conditions, such revolutions in channels of trade, as the readoption of the policy of discriminations, even in the modified form here recommended, will be sure to occasion. We must prepare ourselves to meet and overcome them. If we do not, and if we permit existing conditions to continue uninterruptedly, we shall court dangers and invite disasters infinitely more severe and hurtful than any that the course we now recommend would occasion.

#### MUCH SUPPORT IN CONGRESS.

Most happily there have been outcroppings of expressions in Congress of a nature and from a source to justify the belief that the policy of discriminations in what may be called "the indirect trade," such as we have suggested in this report, will meet with warm approval from some of the most powerful leaders in American public life. Indeed, many of them are openly committed to it by their official expressions and actions. The press of the country, to the extent that it has expressed itself upon the alternative policy of modified discriminations, has been friendly and encouraging. The most happy augury of all is that which suggests the possible elimination from the consideration of this policy all suggestion of partisanship. When Great Britain in her Parliamentary bodies comes to vote upon the national maritime policy, invariably the majority is overwhelming, the opposition scattering and unimportant. In Germany the maritime policy commands the support of the most powerful interests and persons in the Empire. The growth and the strength of the shipping of these two great countries eloquently attest the value of its nonpartisan, wholly national,

consideration. We shall become the factor upon the sea again that we once were when we rise above partisanship in the consideration and settlement of this great, long-neglected, national question, a question that has its stronghold in its essential necessity as one of the great instrumentalities of the national defenses.

It is these considerations, and the trend of the times, the outcroppings of expressions, the timeliness of it all, that justify the hope that when Congress comes to act the majority will be so overwhelming and partisan lines will be so utterly obliterated, as to serve notice upon all mankind that the United States of America has at last chosen and practically unanimously adopted a maritime policy that, being effective and permanent, will strengthen us where we are weak, that will provide us with the one most-needed resource of national defense—a great American merchant marine, officered and manned by Americans.

In conclusion, we invite your attention to the fact that at the session of Congress which closed last month, an act was passed creating a merchant-marine commission, composed of five Senators and five Representatives in Congress, appointed to investigate the subject of American shipping. In view of the further fact that the members of that Commission are to meet in this city on Monday, May 23, for the purpose of holding their first public meeting, we venture to suggest the propriety of a copy of this report being presented to that Commission by a committee representing the Maritime Association of the port of New York.

We remain, very respectfully, yours,

A. A. RAVEN, *Chairman*.  
 FIELDS S. PENDLETON,  
 WALLACE DOWNEY,  
 HENRY E. NESMITH,  
 ERNEST C. BLISS,

*Committee.*

Senator LODGE. Do I understand rightly that the proposition of the committee is to apply discriminating duties on what may be called the indirect voyage?

Mr. SMITH. Yes, sir.

Senator LODGE. But not to undertake to apply it on the direct voyage?

Mr. SMITH. That is right.

Senator LODGE. As I understand it, the treaties cover both?

Mr. SMITH. Yes, sir; they do.

Senator LODGE. But your proposition is to abrogate the treaties only in regard to the indirect voyage?

Mr. SMITH. Yes, sir; the expectation being that in the direct trade, should Congress deem it desirable, the ocean mail-service act may be so amended as to create new lines.

Senator LODGE. I understand that. But of course in the direct trade your plan would leave us where we are now?

Mr. SMITH. Yes, sir.

Senator LODGE. While in the indirect trade it would give us the advantage?

Mr. SMITH. Yes, sir.

The CHAIRMAN. The presumption is that we shall abrogate the entire treaty and enter into a new treaty with each nation affected.

Mr. SMITH. That is the presumption.



## STATEMENT OF FIELDS S. PENDLETON.

The CHAIRMAN. Mr. Pendleton, will you please state to the Commission in what capacity you appear here?

Mr. PENDLETON. As president of the Atlantic Carriers' Association, an organization of sailing vessel owners having 400,000 tons, the vessels having been built entirely by American labor and of American material.

The CHAIRMAN. Proceed with your statement.

Mr. PENDLETON. Mr. Chairman and gentlemen, in advising the adoption of the method of preferential duties for American shipping we are asking for no new policy, but merely for the Government to extend to this tottering industry partially what it has given every other so liberally. I believe in the method of discriminating duties and tonnage taxes because it creates a preference for American bottoms in the mind of the importer and shipper, and thereby insures continual employment for the vessel. It makes competition between two merchants for the American vessel instead of two vessels in competition for the same freight. It serves notice on the shippers of other countries and our importers that they must grant the same preference to the products of American labor on the sea that is accorded them on the land. And why should this not be so? The marine of the United States is a detached portion of the United States, and the labor used in the construction of these floating islands on the sea should have the right to demand the same protection as the labor on the islands off your coast. If the tariff requires adjusting, and some schedules are too high, increase the free list or lower the duties; fix the duties on the basis of the American ship, charging the foreign vessel a higher rate, so that American shipping will either be the cause of increasing the revenue or American labor will build the tonnage.

## PREFERENCE IN INDIRECT TRADE.

The shipping problem to-day is similar to a ship whose anchors are bedded in the sand, with a crew unable to weigh them. Send us sufficient help to put them to the hawse pipe and we will start under full sail and bring you profitable returns. Our mines and forests are waiting for the American workingmen to start with pick and axes to build up the American merchant marine, but these artisans are standing idle for the want of a little aid. It is very obvious that preferential duties and tonnage dues, by a regulation of commerce as provided in the Constitution, will be particularly advantageous to American vessels in the trade with the West Indies, Central and South America. For example, an American vessel could on a single voyage carry from any or all of the different ports to the United States, regardless of the nationality of the islands or ports, while competing foreign vessels would be confined solely to the trade between their own territory and the United States, while no one particular island or country would, generally speaking, have enough to fill a vessel with a full cargo, the foreign vessel would be restricted to the one port or the one country, while the American vessel could proceed from one port or from one country to another until she had secured a full cargo for the United States. In short, it would mean the handing over of the trade with

South America, the West Indies, and Central America to American vessels—practically the extension of our coastwise laws to the Western Hemisphere.

#### PROMOTING EXPORTS.

In this lies one of the strong arguments why discriminating duties should be adopted. Preferential duties and tonnage dues will promote the export business far better than any other method in the South American trade. Take Brazil for example: We buy from her nearly \$70,000,000 worth of goods and sell her less than \$15,000,000 worth, consequently, tonnage would be obliged to go to Brazil even in ballast if necessary, in order to bring home her products and by being obliged to go outward in ballast freight rates could be made so low that our manufacturers and farmers would get such low freight rates as to enable them to make delivered prices lower than the prices of their competitors. I do not believe that American shipping can be built up by subsidies. You can not build up the American merchant marine by subsidies unless you give enough aid so that freight rates will drop to a figure that makes it unprofitable for the shipowners of foreign countries and thereby stop the foreign shipbuilding. To barely equalize the difference between the cost of construction and operation and add to this the subsidies of foreign countries amounting to many millions annually, leaves us in the position of having to compete with shipowners of long experience and established shipyards. These people have a trade and desire to hold it. Do you suppose that you are going to drive these old shipowners out of the business on the same basis of profit that you expect to attract new American capital into? Whoever thinks this, time will prove to the contrary. It is one proposition to have shipowners and hold them; it is an entirely different proposition to create new ones.

#### AS TO RETALIATION.

Discriminating duties in the indirect trade should cause no retaliation by Great Britain. I believe the clear-headed and far sighted English ship owners will hail with joy the adoption of a policy by the United States that will confine the trade of the British Islands, Canada, South Africa, Australia, India, and other dependencies to the shipping of Great Britain and the United States. Her shipping to-day carries less than 70 per cent of the goods we sell her. And if we place her in a position where she will get clear of the sharp competition of German, Norwegian, Italian, and French subsidized ships, a competition that every Englishman is crying for help from, they are gaining what they deserve and losing that which they have no just right to expect. So that what they lose in bringing goods from countries other than their own to-day they make up in the carriage of the 30 per cent of our exports now going to her colonies in foreign shipping, besides eliminating the severe competition.

Representative McDERMOTT. What foreign nations are to-day encouraging their merchant marine by a schedule of discriminating duties?

Mr. PENDLETON. None that I know of. They are mostly doing it by subsidies to the extent of between \$28,000,000 and \$30,000,000.

Representative McDERMOTT. With the exception of the United States what nation has done it?

Mr. PENDLETON. France started it.

Representative McDERMOTT. In what year?

Mr. PENDLETON. In 1873 or 1874, as I recall it.

Senator LODGE. What was the result?

Mr. PENDLETON. Previous to that time Great Britain had it until 1850.

Representative McDERMOTT. What others?

Mr. PENDLETON. All of them. I can not give the laws.

Representative McDERMOTT. I did not know but that you might have some statistical information on the subject.

Mr. PENDLETON. I have not the statistics here.

Senator LODGE. Of course their discriminating duties fell with the treaties as ours did, at about the same period. What was the upshot of the French attempt?

Mr. PENDLETON. Later on, France——

Senator LODGE. In 1872.

Mr. PENDLETON. France saw there was going to be retaliation because she put it in effect in the direct trade and she had to go back on it.

Senator LODGE. Did we protest at that time?

Mr. PENDLETON. I think we did.

The countries that will suffer are Norway, France, Italy, and Germany; those that have few colonies. Norwegian vessels carry \$65 worth of our exports to other countries for every \$1 worth they carry home. And they bring \$285 worth of imports from other countries for every \$1 they bring from Norway.

#### AMERICAN BOYS AT SEA.

If you want to induce American boys to go to sea you must hold out something for them to reach for. You must show them that they will get promotion the same as in every other industry. You must make it known that you intend to build up American shipping, instead of burying the remnants that still survive. You must show them that you will make it profitable for American investors so that it will create shipowners, and they in turn place orders with the shipbuilders; but not till the craft is launched do you start your chain of promotion. Then you take your sailor for mate and your mate for master. When you can show American parents that their boys have something to look forward to you will find these young men climbing in over the knight-heads waiting for their turn to get aft by promotion.

Representative McDERMOTT. Have you in mind any figures by which a comparison could be made between the wages paid in our coastwise trade and the wages paid by foreign corporations in international commerce.

Mr. PENDLETON. Yes, sir; if you will allow me to get through with this matter, I wish to take up your statement of yesterday and clear up that matter, if you please.

During the past fifteen years I have heard hundreds of captains assert that they did not want their sons to go into a business that was so unprofitable that after years of experience they could not make a living, but that they themselves were obliged to continue because they knew nothing else. And I do not know of a captain in my fleet—and it is as large as any other on the coast—who to-day is bringing up his son to go to sea.

## ADVERSE TO "FREE SHIPS."

Regarding the question put by Mr. McDermott yesterday, and in reference to statements that the port governs the schedule, and that foreign vessels pay the same rate of wages that are paid in the coast-wise trade, I wish to say that I made a statement before the Committee on Merchant Marine and Fisheries of the House of Representatives about a steamer that was granted an American register. She was a foreign-built ship, and was wrecked and got under the American flag. The owner went down to New Orleans and got a contract to run her in the foreign trade, and he ran her a short time in the foreign trade under the American flag. He saw it was pretty expensive and he turned around and put her under a foreign flag. I have this statement from him, and I wish to say that he will be here this afternoon if it is desired that he shall back up these figures, because I talked with him this morning.

His wages under the American flag, running out of the same port, to the same port, the same owner, the same ship, were \$1,235 per month, and when he put her under the foreign flag they were \$680 per month.

Now, gentlemen, that knocks out entirely the argument in favor of free ships, because here was a man who had a foreign vessel which had come under the American flag, and when he wanted to go into the foreign trade he had to turn around and put her under a foreign flag.

Representative McDERMOTT. What relation has that to the proposition of free ships?

Mr. PENDLETON. Because an American owner would not take a ship if he could buy her on the other side and put her under the American flag, when he can run her for from 50 to 60 per cent cheaper under the foreign flag. Therefore a free-ship bill would do no good whatever.

You never knew a man who had any shipping who advocated a free-ship bill. It is always a man who wants to get a dollar of his money in competition with somebody whose property has cost him two. A free-ship bill is out of the question, because if we had one to-day no American shipowner would be crazy enough to put a vessel under the American flag, because of the advantage of operating her under a foreign flag.

Representative McDERMOTT. If your subsidy is confined to the question of the difference in wages—your pay roll—where would there be any advantage to an American in flying a foreign flag if he bought a ship on the Clyde?

Mr. PENDLETON. There would not be any advantage in the foreign trade, none whatever, buying her on the other side.

Representative McDERMOTT. Buying on the other side would affect the element of prime cost, and that only?

Mr. PENDLETON. Yes, sir.

Representative McDERMOTT. The proposition of those who speak of free ships in connection with subsidies is to eliminate that difference in the first expense. There would be no temptation whatever to fly a foreign flag if a subsidy was given that equalized wages?

Mr. PENDLETON. Do I understand the question to embrace the proposition to buy ships abroad to fly the American flag, and then that the Government shall give a subsidy to overcome the difference

in the cost of operation? If so, that is all right for the sailor, of whom 95 per cent were born in foreign countries, but for American labor, of which nearly 100 per cent is born in this country, it is all wrong.

THE CASE OF THE DAVID.

Now, gentlemen, there is one other subject on which I wished to speak. I have here a statement as to the ship of which I have spoken—the Donald Steamship Company owners of the steamship *David*, ex-*Santuit*, ex-*Atlas*, built in 1873. This vessel sailing out of Gulf ports under the American flag worked twenty-three men under union wages for \$1,235 per month. The vessel was transferred by the same owners to the Norwegian flag, and the owners inform me she is now operated for \$680 per month in the same trade as before. The scale of wages under the two flags is as follows:

	American.	Norwegian.
	<i>Per month.</i>	<i>Per month.</i>
Firemen .....	\$50.00	\$25.00
Sailors .....	30.00	20.00
Captain .....	150.00	100.00
Engineer .....	135.00	80.00
Chief officer .....	80.00	45.00
Cost of provisions per capita .....	α\$0.50-.60	α.40

α Per day.

Senator LODGE. The comparison you first gave as between sailing under the Norwegian and under the American flag applies to a vessel going from the same port to the same port?

Mr. PENDLETON. The same owners, in the same ship, going from the same port to the same port. It is the case where a man shifted around—first under one flag and then under another.

Senator LODGE. It demonstrates that the port does not control the wages?

Mr. PENDLETON. Yes, sir.

Senator LODGE. But the flag does?

Mr. PENDLETON. Yes, sir.

Senator MALLORY. That is, on such routes as the one named, where the vessel goes out of an American port to a certain foreign port regularly. In other words, the American union controls the wages of American sailors and does not control the wages of Norwegian sailors.

Mr. PENDLETON. Yes, sir, that is true; but those ships are in competition with our ships in the same trade.

Representative MINOR. Did you say it cost from 50 to 60 cents per man per day for food on the American ship?

Mr. PENDLETON. I did not say that; but this is a statement handed to me by Mr. Donald.

That is a question which comes up very often. With an American vessel, when you get into port it is sirloin steak or fresh meat every day, and fresh fruit whenever in the market; but under the other scale the meat trust does not get at them.

Representative MINOR. What is the value of the rations fixed by the Government at this time?

Mr. PENDLETON. Of course, the cost with us varies considerably. I am now going through a list of my vessels with a view to arriving at what the cost of provisions is. I have not succeeded so far, but it will average at the present time, I should say, around 45 cents per day.

Representative MINOR. Do you know of any nation that has a better food schedule than ours?

Mr. PENDLETON. No, sir.

Representative MINOR. It was stated yesterday that the Norwegian was perhaps a little better.

Mr. PENDLETON. I can not find any sailor who says that, except some one who has an interest at stake.

#### CREWS UNDER TWO FLAGS.

Representative McDERMOTT. The vessel you have referred to shipped one crew under the foreign flag?

Mr. PENDLETON. The Norwegian.

Representative McDERMOTT. From what port?

Mr. PENDLETON. From New Orleans.

Representative McDERMOTT. Why did they not go on and ship the same kind of sailors at the same wages under the other flag?

Mr. PENDLETON. Why did they not?

Representative McDERMOTT. Yes.

Mr. PENDLETON. I do not just understand your question.

Representative McDERMOTT. They manned one ship—

Mr. PENDLETON. No; this is the same ship, a ship on which they changed the flag. Congress granted this vessel an American register. Under the American flag she went down to New Orleans and got a contract to run to Central America. She performed that contract for a short time under the American flag, and the owner saw that his wages were pretty high, and he concluded, in order to save expenses, that he would put her under a foreign flag. He did so, and where the wages under the American flag were \$1,235 a month, they were under the Norwegian flag \$680 per month.

Representative McDERMOTT. Where did he ship his crew under the Norwegian flag?

Mr. PENDLETON. In the same port.

Representative McDERMOTT. In New Orleans?

Mr. PENDLETON. In New Orleans.

Representative McDERMOTT. In both cases?

Mr. PENDLETON. Yes, sir.

Representative McDERMOTT. In New Orleans, under any flag, unless there is artificial interference, commendable or otherwise, you can obtain Norwegian sailors to man your ship at the rate at which that vessel did.

Mr. PENDLETON. No, sir; they protest against going in American vessels unless they get the American scale of wages.

Representative McDERMOTT. Do you mean where there is a difference of 100 per cent, as there apparently is from your figures?

#### A DIFFERENCE OF 81 PER CENT.

Mr. PENDLETON. Eighty-one per cent.

Representative McDERMOTT. Do you mean to say that Norwegian sailors would rather take the wages which they can get on a foreign ship than to go in an American ship?

Mr. PENDLETON. I do not mean to say they prefer to do so, but I mean to say it is a condition. When they sail on American vessels they want American wages.

Representative McDERMOTT. Were not those men shipped from Norway for that ship?

Mr. PENDLETON. No, sir; it was done under the American flag.

Representative McDERMOTT. How did they get here?

Senator LODGE. They were picked up in port.

Representative McDERMOTT. Picked up in what port?

Senator LODGE. Picked up in the port whence they sailed.

Mr. PENDLETON. Yes, sir; New Orleans.

Representative McDERMOTT. It has been stated a number of times in Congress that that condition which you state exists, but if it does exist, it is in violation of all laws of supply and demand.

Mr. PENDLETON. That is very true.

Representative McDERMOTT. You say that a Norwegian sailor in the port of New Orleans would rather ship at lower wages on a foreign ship—

Mr. PENDLETON. No; I did not say that.

Representative McDERMOTT. If he would not rather ship, why did you not get him under the American flag?

Mr. PENDLETON. There might be a case where he could not get a job under the American flag.

Representative McDERMOTT. Then this does not illustrate anything except his immediate and personal necessities. You stated that he would rather, or did actually, ship under the Norwegian flag in preference to the American flag and did so at a reduction of wages.

Mr. PENDLETON. I do not say he would rather do it, but I say this is the condition.

Representative McDERMOTT. You say he would not ship under the American flag unless he obtains this great increase of wages?

Mr. PENDLETON. I said he did ship at the lower wage in this case, but what his motive was I do not know. But if you desire to have the owner of that vessel come here and make the statement directly to you, I will be pleased to have him appear.

Representative McDERMOTT. Yes; I should like to know how the conditions arose. It must be an isolated case.

#### NOT ENOUGH AMERICAN SHIPS.

Senator LODGE. Is it not like this: There are not enough American ships to take all the sailors offering for employment?

Mr. PENDLETON. That is very true in a great many cases.

Senator LODGE. In the foreign trade?

Mr. PENDLETON. Yes, sir.

Senator LODGE. There are not enough ships to take the sailors who offer?

Mr. PENDLETON. Yes, sir; that is true.

Senator LODGE. Therefore they have to go on foreign ships?

Mr. PENDLETON. Yes, sir.

Senator LODGE. And they will go on the foreign ship at the foreign scale?

Mr. PENDLETON. Yes, sir.

Senator LODGE. But they will not go on the American ship at the foreign scale?

Mr. PENDLETON. That is true—absolutely true.

Representative McDERMOTT. But they will go on the American ship at any material advance over the foreign scale, while here you have a difference of 81 per cent.

Mr. PENDLETON. I never have been able to pick up five men who were willing to work for less than five other men were getting on the same ship. It does not make so much difference as to what a man is getting, but it is what he is getting in comparison with what the man next to him receives.

Representative McDERMOTT. Is that because of any prohibition of the union—

Mr. PENDLETON. Every man sees the articles, and when he goes on the ship he is aware of what every other man is getting. You can not keep that from him.

Representative McDERMOTT. Do you mean to say that here is an American ship, flying the American flag, and there another ship, flying the Norwegian flag; that there are 20 sailors in search of employment; that the wages under the Norwegian flag are 80 per cent less than they are under the American flag, and that the sailors prefer to go under the Norwegian flag rather than under the American flag at even 5 per cent advance in wages over the Norwegian scale?

Mr. PENDLETON. I mean to say that when you want an American crew you pay the wages of other American vessels, and when you want a Norwegian crew you get them for the same rate of wages that Norwegians pay.

Representative McDERMOTT. Then why do you not ship a Norwegian crew on an American vessel?

Mr. PENDLETON. Because the Norwegian crew wants the same price that the other crews are getting when they are right alongside of that other vessel.

Representative MINOR. It is true, I suppose, in the coastwise trade as well as on the Great Lakes, where the wages paid to seamen are the highest in the world—

Mr. PENDLETON. On the Great Lakes.

Representative MINOR. That every Norwegian and every German knows that if he is an American citizen, shipping under the American flag, he is entitled by right to higher wages than he would be under a foreign flag.

Mr. PENDLETON. Yes, sir. That is what he comes here for.

AS GOOD AS ANYBODY.

Representative MINOR. That Norwegian or that German says, "I am just as good as any other fellow when I go aboard ship. I do able seaman's work. I am entitled to the same consideration that they pay in the coastwise trade and on the Great Lakes." Has that not something to do with it?

Mr. PENDLETON. Precisely.

Representative MINOR. And he will not do it for less, even though looking for a job. They want to be paid the American scale when they sail under the American flag?

Mr. PENDLETON. Yes, sir.

Senator MALLORY. You have cited a very extraordinary case in New Orleans. I suppose that vessel is in the fruit trade with Honduras



and that coast, in a regular line running back and forth. Can you supply any similar instance in the port of New York? You have had a great deal of experience.

Mr. PENDLETON. I never have owned a foreign vessel or any interest in a foreign vessel. My interests are in a hundred different vessels, and they have always been built under the American flag.

Senator MALLORY. I suppose you are interested in the wages you are paying your crews—

Mr. PENDLETON. Yes, sir.

Senator MALLORY. And you are interested in paying them no more than you are required to pay. Do you know of any such instance in the port of New York, or any other port along this part of the coast—Philadelphia, Baltimore, Norfolk, or Newport News—where an American vessel had to pay 80 per cent more for wages than a foreign vessel for the same crew for the same voyage?

Mr. PENDLETON. It is a pretty hard thing to get a similar sized vessel, shipping at the same port, to make the same voyage and to get equal conditions all around, but here is a case where it was the same vessel, and they could not say the question of rig had anything to do with it.

Senator MALLORY. This is a very remarkable case, and it may be that it is the rule, but we should like—at least I would—to have something in addition to that single instance before we commit ourselves to the theory that any such difference exists.

Mr. PENDLETON. Of course, one of the best ways to get at that is to get a man who owns British shipping on the one hand, or Norwegian shipping, or runs such ships, and American ships on the other, and he can decide which is the cheaper, and he is the man to present that kind of an argument. He can illustrate it.

The United Fruit Company, of Boston, have vessels under both flags, and they can give you that information better than any other people. I merely want to give such information as I believe to be reliable and such as I can substantiate. Other shipping people who own British shipping or Norwegian shipping and also American shipping are in a position to tell what the difference is. I know there is a difference. Here in New York I have always considered the difference in sailors' wages about \$5 per month on vessels going to sea.

#### WAGES AT NEW YORK.

Lately I was on board a three-masted schooner, an English vessel. The captain was paying \$20 for the men. We pay \$30 for the same voyage.

Senator MALLORY. Where were the men shipped?

Mr. PENDLETON. Yarmouth, Nova Scotia. He paid his mate \$28. We pay \$40 to \$45. He paid his steward \$28, and we pay about \$40. So the wages are anywhere from 30 to 35 per cent cheaper, and the food schedules are about the same per cent less.

I wish to say a word on the question as to the number of square-rigged vessels and these smaller vessels. I will state that in 1870 we had 2,295 square-rigged vessels, and in 1903 we had 350. Now, there is a decrease of 1,945 square-rigged vessels during the last 33 years. In 1890 we had 2,150 vessels of over 100 tons register, and at present we have less than 1,200. There is a decrease of 2,900 vessels.

There are from 11,000 to 12,000 captains, officers, mates, and second mates who have been driven out of the service, and unless you give proper consideration to the medium-sized, medium-class vessels, in which the young man has to get his start—and we must have those vessels if we are going to have American sailors—you can not properly move forward in the sailor direction.

At 1 o'clock p. m. the Commission took a recess until 2.30 o'clock p. m.

#### AFTER RECESS.

At the expiration of the recess the Commission resumed its session.

The CHAIRMAN. Is Mr. Downs, representing the Brotherhood of Boiler Makers, in the room?

#### STATEMENT OF JAMES DOWNS.

James Downs appeared before the Commission.

The CHAIRMAN. Mr. Downs, you are familiar with the purpose of the work of this Commission?

Mr. DOWNS. Yes, sir; practically so.

The CHAIRMAN. You represent the Brotherhood of Boiler Makers and Iron-Ship Builders, I believe?

Mr. DOWNS. Yes, sir.

The CHAIRMAN. We will be glad to hear from you.

Mr. DOWNS. I should like permission to look over my brief for an hour or so.

The CHAIRMAN. We will excuse you, then.

#### STATEMENT OF R. A. C. SMITH.

Mr. SMITH. Mr. Chairman, I do not desire to take up the time of this Commission. Therefore I will say at the start that I indorse everything my brother said in the earlier session to-day.

I believe Mr. Clyde made some reference to the financial end of the steamship proposition, and in my capacity, about seven years ago—

The CHAIRMAN. State to the Commission in what business you are engaged.

Mr. SMITH. I am president of the American Mail Steamship Company.

About seven years ago a proposition was brought to me for a line of steamers to run to Jamaica, West Indies, and after considering the proposition I undertook to carry out the plan. Under that plan we built four steamers of an average speed of 15 knots. We obtained a contract from the United States Government, under the Post-Office Department, under the act of 1891. We have operated those steamers for five years.

It was my purpose, when I started in the business, to continue and not to end at Jamaica, but go to the Spanish Main, and so on, to ports in South America and elsewhere, wherever the flag could be carried profitably and successfully. I have signally failed in that respect, from the simple fact that the parties with whom I negotiated the charter of the steamers, which takes the nature of cargo engagements, have found it impossible to continue under the service profitably, and have entered into contracts for the building of foreign ships.

## GONE TO FOREIGN FLAGS.

I have in mind two ships that are now under the German flag. They are either here or about due, and are of the same class as the ships we built, but of slower speed and much less cost of operation. I can not divulge the figures of the other gentlemen, because they are confidential. But I believe this Commission will have an opportunity of getting at them at its Boston hearing. The figures show that taking those steamers of the same class under the foreign flag, as compared with our ships, which are generally known as the "Admiral" ships, built by the Cramps six years ago, the cost to operate our vessel for one round voyage from here to Central America and Costa Rica is 50 per cent greater for the same service than for the almost similar class of ships—I mean as to size and tonnage. That is the best illustration I can place before the Commission as to the unsuccessful attempt, let me say, on my part, to continue rebuilding the merchant marine.

Senator MALLORY. Let me ask you a question right here. With what vessels do you compare your vessels?

Mr. SMITH. Vessels of the same tonnage, sir.

Senator MALLORY. Of the same class, also?

Mr. SMITH. Yes, sir.

Senator MALLORY. I mean in the classification of Lloyds' Register?

Mr. SMITH. Practically the same.

Senator MALLORY. Passenger steamers?

Mr. SMITH. Not tramps.

Senator MALLORY. Fitted up for passenger service?

Mr. SMITH. Fitted up for passenger and freight service. That is the reason why I make the comparison. I could not do it but for the fact that about five foreign vessels are being built almost equaling our type of steamers. They may be a little larger in cargo capacity, but not very much larger.

Senator MALLORY. To run on the same route?

Mr. SMITH. Practically on the same route. That is the best illustration I can place before the Commission.

It had been my hope and purpose, if I had had the time, to place before you a very comprehensive statement showing the exact differences. I purpose doing so before the Commission gets through with its labors, because I feel that you do not want to waste time in a lot of unnecessary talk. You want facts, and the best facts I can place before you are the simple facts I have stated—that I have signally failed, not that I have failed in my enterprise from a financial standpoint, because I hope to get through with an even balance sheet, but there will be nothing much to the credit account. I had hoped to continue and extend the lines, as I promised the Administration at the time. Mr. Gary was Postmaster-General, and with him I negotiated the contract. I do not know what else I can say to emphasize that fact.

## AUXILIARY CRUISERS.

The ships were built under strict navy rules. The Navy Department passed on the plans, even locating the decks for the guns. The decks were especially strengthened to carry the guns.

There is another point that may be emphasized also; that had I ordered those ships six months earlier they would perhaps have served

this Government as auxiliary cruisers, being fast boats, having a speed of 15 knots, equally as well as, if not better than, some of the other fast scouts. They are of steel, with steel houses, in every respect most modern, with twin screws, which the Navy Department insisted upon my immersing 2 feet lower than I wanted to.

I am for some kind of a measure to wipe out, if possible, those foreign flags from near our own coasts. They come over here; they take our merchandise and go home and repair themselves and come over here again to engage in a business where we are unable to compete with them.

Senator MALLORY. Have you any competing foreign vessels in your trade with Cuba?

Mr. SMITH. Absolutely. This is not Cuba. This is Jamaica and the West Indies.

Senator MALLORY. I am speaking of Cuba.

Mr. SMITH. I have no trade with Cuba.

Senator MALLORY. Do not your vessels stop in Cuba?

Mr. SMITH. No, sir.

The CHAIRMAN. The Commission will be glad to insert in the report of its proceedings the paper you have promised.

Mr. SMITH. I will be pleased to make it as full and complete as it can be, with absolute comparisons, to which I shall be glad to attach my signature.

Senator MALLORY. Do any foreign lines run to Jamaica?

Mr. SMITH. Yes, sir; Norwegian, English, and German.

Senator MALLORY. On regular lines?

Mr. SMITH. They are practically doing regular service.

Senator MALLORY. And to Mexico also?

Mr. SMITH. We do not reach Mexico. We have extended our service to Costa Rica and Bocas del Toro, Panama, simply because of the fact that Jamaica passed through a serious calamity, a cyclone, a year ago; and we are giving the United States Government the benefit of all that service to Panama and to Costa Rica free of charge, simply to permit us not to run our steamers continuously backward and forward to Jamaica.

#### A BRITISH SUBSIDIZED RIVAL.

Senator MALLORY. Do you know anything about the workings of the British West India line which goes down to the islands, and I think touches at Jamaica, and goes to Mexico and up to New Orleans?

Mr. SMITH. I do not know. The British Government has entered into a contract with the Elder Dempster Company on a direct subsidy agreement, a copy of which is in the report of the Commissioner of Navigation for 1901.

Senator MALLORY. A direct subsidy?

Mr. SMITH. Yes, sir.

Senator MALLORY. Is that business developing commercial intercourse with Great Britain? Can you say anything on that subject?

Mr. SMITH. I believe it has to some extent, but I can not give you very much detail. The Jamaica trade having suffered by reason of the cyclone, the ships, of course, must depend to a large extent upon the subsidy. But that is one of those unfortunate circumstances that comes only once in a lifetime. We have direct competition.

The following letters were subsequently received from Mr. Smith:

100 BROADWAY, NEW YORK, *July 5, 1904.*

WINTHROP L. MARVIN, Esq.,  
*Secretary Merchant Marine Commission,*  
*Washington, D. C.*

DEAR SIR: In compliance with the promise made to the Commission during its recent sitting in New York, I have endeavored to get data in reference to the cost of operating foreign ships and to give you a comparison of the same with ships of similar size under the American flag. But at the moment I am unable to give you such data as I contemplated giving you, although I expect to have it in hand before the Commission makes its report. At present I am able to give you a comparison between a steamer under the Norwegian flag, doing business between the United States, Central America, and the West Indies, and an American steamer in the same trade, their tonnage being almost the same, to wit, 2,100 tons gross, the speed of the Norwegian steamer being 12 knots and the American steamer 15 knots.

*Wages paid.*

	Norwegian.	American.
<b>Deck department:</b>		
Captain .....	\$100.00	\$165.00
First officer .....	40.00	70.00
Second officer .....	30.00	40.00
8 sailors (average, \$26.85) .....	215.00	
10 sailors (average, \$28) .....		280.00
1 boy .....		15.00
1 cadet .....		15.00
Total .....		585.00
Less cadet .....		15.00
Total .....	385.00	570.00
<b>Engine department:</b>		
Chief engineer .....	75.00	135.00
First assistant .....	50.00	90.00
Second assistant .....	40.00	70.00
Third assistant .....		60.00
6 firemen (each \$35) .....	210.00	
9 firemen (each \$40) .....		360.00
3 trimmers (each \$27.50) .....	82.50	
3 trimmers (each \$35) .....		105.00
6 oilers (each \$45) .....		270.00
Cadet .....		15.00
Total .....		1,105.00
Less 3 oilers .....		135.00
Total .....		970.00
Less cadet .....		15.00
Total .....	457.50	955.00
<b>Steward's department:</b>		
Steward .....		
2 waiters .....		
2 cooks .....		
1 pantry man .....		
1 mess boy .....		
Total .....	168.00	220.00

<sup>a</sup>The cadets are carried under the act of 1891.

<sup>b</sup>The reduction of 3 oilers is made to compensate for the difference in the two steamers, the American being twin screw and the Norwegian single screw.

I have eliminated from the pay roll of the American steamer the extra cooks, waiters, stewards, and purser carried by reason of the vessel being a passenger steamer, as I wished to make a fair comparison of the two steamers as cargo carriers.

RECAPITULATION OF WAGES.

	Norwegian.	American.
Per month:		
Deck department.....	\$385.00	\$570.00
Engine department.....	457.00	955.00
Steward's department.....	168.00	220.00
Total per month.....	1,010.00	1,745.00
Total per year.....	12,120.00	20,940.00

The deck stores, engine stores, deck repairs, and engine repairs on the Norwegian steamer are given to me in lump as averaging per month \$375. The same character of expenses on the American steamer, exclusive of the annual overhauling, averages per month \$1,345.65, or, by the year, Norwegian, \$4,500; American, \$16,147.80. The cost of the Norwegian steamer is given as \$140,000. The cost of the American steamer, \$275,000. Deducting from the American steamer, as the cost of the passenger accommodations, \$40,000, the comparison would show (cost): Norwegian, \$140,000; American, \$235,000.

My understanding is that it is customary for the foreign owners to send their vessels to their home port for their overhauling, and I can not, therefore, give you a comparison of that cost as against the American steamer; but in order that you may have a fair idea of the repairs, upkeep, and annual overhauling on our fleet of four steamers, I will say that for the five years ending December 31, 1903, we spent the sum of \$397,144.87, the whole of this being spent in the United States, and, therefore, going to American workmen.

Please accept this information as the best that I can do at the moment; and with the assurance that I will add to it as fast as I am able to make a comprehensive and fair comparison, I remain,

Very respectfully yours,

R. A. C. SMITH.

P. S.—I might add that the wages given above as paid to the sailors and firemen on the Norwegian steamer are those paid to the men shipped in the United States; when shipped at the home port for a number of voyages or for a given period of a year or two, the wages then are from 40 to 50 per cent less than the figures given by me.

NEW YORK, *July 11, 1904.*

WINTHROP L. MARVIN, Esq.,

*Secretary Merchant Marine Commission, Washington, D. C.*

DEAR SIR: Confirming my letter of the 5th instant, I now beg to submit to you a comparison of cost and expenses between a German steamer of 1,500 tons and a steamer of 2,100 tons flying the United States flag.

*Wages paid.*

	German.	American.
<b>Deck department:</b>		
Captain .....	\$100.00	\$165.00
First officer .....	50.00	70.00
Second officer .....	35.00	40.00
Carpenter .....	30.00	
Boatswain .....	30.00	
6 sailors (average \$25) .....	150.00	
10 sailors (average \$28) .....		280.00
1 boy .....		15.00
1 cadet .....		15.00
		585.00
Less cadet .....		a 15.00
Total .....	395.00	570.00
<b>Engine department:</b>		
Chief engineer .....	90.00	135.00
First assistant .....		90.00
Second engineer .....	60.00	
Second assistant .....		70.00
Third engineer .....	40.00	
Third assistant .....		60.00
3 oilers (\$20 each) .....	60.00	
6 oilers (\$45 each) .....		270.00
3 trimmers (\$30 each) .....	90.00	
3 trimmers (\$35 each) .....		105.00
7 firemen (\$35 each) .....	245.00	
9 firemen (\$40 each) .....		360.00
Cadet .....		15.00
		1,105.00
Less cadet .....		a 15.00
		1,090.00
Less 3 oilers .....		135.00
Total .....	585.00	b 955.00
<b>Steward's department:</b>		
Chief steward .....	50.00	
Steward .....		
Second steward .....	20.00	
2 waiters .....		
2 mess boys (\$8 each) .....		16.00
1 mess boy .....		
Chief cook .....	40.00	
1 pantryman .....		
Second cook .....	15.00	
2 cooks .....		
Total .....	141.00	220.00

<sup>a</sup> Postal act.

<sup>b</sup> The reduction of 3 oilers is made on account of the American steamer being a twin screw and the German single screw.

The extra cooks, waiters, stewards, and purser on the American steamer, carried by reason of the vessel being a passenger steamer, have been eliminated, so as to make a fair comparison of the two vessels as cargo carriers.

## RECAPITULATION OF WAGES.

	German.	American.
Per month:		
Deck department .....	\$395.00	\$570.00
Engine department .....	585.00	955.00
Steward's department .....	141.00	220.00
Total per month .....	1,121.00	1,745.00
Total per year .....	13,452.00	20,940.00
Deck stores, engine stores, deck repairs, and engine repairs: average per month .....	490.00	1,345.00
Total per annum .....	5,880.00	α 16,147.80
Cost of steamer .....	107,000.00	275,000.00
Deduct for passenger accommodations .....		40,000.00
Leaving as cost of freight carrier .....	107,000.00	235,000.00

α Exclusive of annual overhauling

Speed: German, 13.2 knots; American, 15 knots.

Very truly, yours,

R. A. C. SMITH.

## STATEMENT OF JAMES J. HILL.

The CHAIRMAN. If Mr. James J. Hill, of the Great Northern Railway, is present we shall be glad to hear from him.

James J. Hill appeared before the Commission.

The CHAIRMAN. Mr. Hill, I will ask whether you have familiarized yourself with the statute under which this Commission is sitting?

Mr. HILL. I think I know that the object is to get information on the question how to increase our seagoing merchant marine.

The CHAIRMAN. Precisely that. We are very well acquainted with the existing condition, and we want information as to remedial measures. We shall be pleased to hear from you in your own way.

Mr. HILL. Mr. Chairman, the first thing necessary, I think, is to create a desire on the part of the people of this country to own ships. It is a purely commercial question and must be governed by commercial principles. If there is a profit in the business people will engage in it. If there is a loss in it, it is a question how far and how long individual enterprise will engage in it.

I have been in the transportation business all my life, and I think it goes without saying that every intelligent man, whether in the transportation business or any other business, when he finds that it has ceased to be profitable, will go out of it.

Our conditions as a nation on the high seas seem very difficult to meet. On land, notwithstanding high rates of wages, compared with the rates of other countries, the United States has been able in twenty or twenty-five years to work out a system of transportation that has no competitor in the world. Rates of land transportation are so much lower that there is no comparison practicable.

## A MARKET, NOT A BONUS.

Why we are not able to do that on the sea is not clear to me, and so far as I have investigated it, I think no amount of direct bonus will build it into any life that is worth living.



What the country wants, I think, is a market for what it produces. We have the cheapest and best ores and coal and the best natural conditions to enable us to manufacture a great many articles, but for some reason, outside of our agricultural products, outside of our cotton, outside of our grains, outside of our provisions, outside of tobacco, and you may say oil, there are very few things which we can export, because the cost of production is so high that we can not sell them anywhere abroad.

Now, we would have a great deal of freight to carry in American bottoms if we carried our agricultural products to market. On the Atlantic, the competition is very close. They build ships in England for much less than we do in America, and they man their ships for less; and while we are able to build a railway for less than they build theirs and to operate it more economically, that does not hold good as to ships. Take Great Britain. I think the average rate is about \$2.30 for hauling a ton of freight 100 miles. On the continent it is \$1.90 to \$2.10, except in Russia, where it is about \$1.75. In the United States it is 72 cents.

Why we are not able to do that on the high seas is partially accounted for by the fact that other countries are more interested in their ships. Their citizens have owned ships for the last forty years to a much greater extent than the citizens of this country have, and they are able to force our ships out of the trade.

#### A PERSONAL EXPERIENCE.

Shipbuilders can throw much more light on the cost of building ships in America than I can. I had an experience in the building of two very large ships, and I am quite sure I do not want any more.

The CHAIRMAN. Is that a recent experience?

Mr. HILL. The ships are just about finished. They are the two largest freight-carrying ships in the world. We expected to finish them in two years, and it has taken nearly four, strikes and other difficulties following each other. I would rather undertake to build a thousand miles of railway than to build two ships. It would be much easier.

What you are to do is a very difficult question. Commercial laws as a rule are as regular in their operations as natural laws—as the law of gravitation, if you please. You can violate a commercial law, but you do it at your own expense. Whether in the end the doctrine of the survival of the fittest will not apply is to my mind an unsettled question. It is an unknown quantity. I am inclined to think that when we stop pumping the water will stop rising, and if we have to buy a merchant marine and pay for it out of the general Treasury of the country it will not last long.

We must have other conditions. We must have confidence that an investment in ships is going to be a profitable investment. In Japan they have built up a very large merchant marine. They have favored the tonnage carried by their ships. The details I do not remember closely enough, but that is the plan they have followed.

The CHAIRMAN. Do they not have a subsidy?

Mr. HILL. It is not a direct subsidy, but the merchant who ships in a Japanese bottom is favored; and I know something of the business, because the first Japanese line coming to the United States was in connection with our company, and they have built up quite a nice business.

## THE FIGHT ON THE PACIFIC.

Our business on the Pacific is a very hard business. We have to compete with all the commercial nations, and they are fighting very hard for the oriental trade. They are supported in it by their respective governments; and I think I may speak plainly enough to say that, without intending to place obstructions—because I do not think anyone would knowingly place obstructions in our international trade—we have placed obstructions almost to the point of destroying it.

We have been carrying American agricultural products and manufactured articles to the East in very large quantities, but it will not continue under the existing conditions. In fact, we have practically withdrawn our tariffs now, because we can not successfully comply with the regulations that are imposed upon us and at the same time compete with the ships of other nations which have no such regulations to comply with. I may say we have gone out of the business—forced out.

I do not think you will make any great success of buying a merchant marine. It will not stay with you unless the conditions are such that the men who put their money in it can look, with reasonable expectation of success, to deriving profit from their enterprise, and to-day there are very few people who want to engage in shipping. There is a line of American-built ships, owned in New England, connecting at some of our western terminals on Puget Sound.

They are doing very well because all the other ships are out. The Russian-Japan war has taken the Japanese ships out of the trade, and the American ships have it to themselves for a short time and are doing pretty well. They are very good ships and are commanded by excellent, good people, men of experience in the shipping business for years. But it was a struggle with them for some time; and later, as these other ships return to the service, how far the American ships will be able to carry on the business is an open question.

As I said, the competition on the Atlantic is close. We ought to be able to succeed on the Pacific, but whether we will or not is a question. I should be very glad if our ships held their own. We put them on simply because it was an incident to our other business and for the purpose of trying to find a new market—a market we have not now—for the surplus raised on the line of our railway, and so that we can load our cars in both directions. It is really an incident to our railroad enterprise, and we did not go into it with a view of entering the shipping business. If anybody would take the ships off our hands and agree to run them for a term of years, we would make very liberal terms with him.

## A DESIRE TO OWN SHIPS.

From the first, having looked into the matter with a good deal of care, I have become more and more convinced that no direct subsidy will result in building up a merchant marine of any consequence. Anything that the Government could afford to do would soon be lost among a comparatively small number of ships. They would get this bonus, and we, as owners of large ships, would get our share; but if we can not live without it, as a commercial transaction, we will make a very poor race with it, because if we have to depend on that, it is a broken reed.

I know that these views will not agree with those of a great many, but I can only say that after examining the matter, as far as I can, they are the conclusions at which I have arrived. I think there must be a desire on the part of the people of this country to own ships, and in order to own ships they must be able to sail them under just as favorable conditions as other people. Nobody has the right of way on the high seas.

Senator LODGE. Are not subsidies one of the conditions under which the people of other countries—England, for instance—sail ships?

Mr. HILL. They have some mail subsidies.

Senator LODGE. England spends five or six millions a year in subsidies.

Mr. HILL. Mail subsidies.

Senator LODGE. Yes; and some others.

Mr. HILL. Not for the tramp ships.

Senator LODGE. England's subsidies are chiefly mail subsidies. France has both.

#### WHAT LACK OF SHIPPING COSTS.

Mr. HILL. Yes. Suppose we had ships running to Manila. Last year—I knew of it at the time and I called the attention of some of the parties interested to the fact—the city of Manila wanted a lot of steel rails for their street cars. Germany furnished them. American ships could not go to Germany and carry those steel rails unless they would carry the rails for less than the German ships.

Senator LODGE. Germany gives a great deal of Government encouragement to her ships.

Mr. HILL. They give a great deal of encouragement to all their commercial enterprises in every way.

Mr. GEORGE J. SEABURY. May I ask you a question?

Mr. HILL. Certainly.

Mr. SEABURY. Was the *Siberia* constructed in anticipation of a subsidy bill?

Mr. HILL. I do not know, sir. I have not—

Mr. SEABURY. I am very sure it was.

Mr. HILL. I have no interest in the *Siberia* and do not know. I can speak for our own ships.

#### SHOULD EQUALIZE CONDITIONS.

Representative McDERMOTT. Your proposition is that the nation itself in some way or the people of the United States should equalize conditions. The claim on the part of those who desire a subsidy is that these two inequalities are met by an American about to invest in ships: First, the cost of the ship here, no foreign ship being allowed American registry, is greater than that of the ship built abroad which is going to compete for the traffic. The initial cost is said to be anywhere from 25 to 80 per cent greater. Second, that under our navigation laws our sailors receive better treatment and better accommodations than those enforced by foreign nations. That results in a greater pay roll for the crew of the ship. So we have an increase in the initial cost and an increase, under one of our sumptuary laws or several of them, in the cost of manning the ship and taking care of the crew after they are engaged. How are you going to equalize as to those propositions, assuming the truth of them?

Mr. HILL. To begin with, the difference in cost is nothing like 80 per cent, I think.

Representative McDERMOTT. It was variously estimated by witnesses yesterday, starting at 25 and reaching to an estimate by one of our ex-admirals of 80 per cent, his testimony being that his figures were the result of a direct inquiry framed in this way: He inquired the cost of building a ship on the Clyde, and then ascertained the cost of building her in the works where he is engaged, and he put the difference at 80 per cent. It runs from that down to 25. Take it at the lowest—25 per cent.

#### THIRTY PER CENT MORE.

Mr. HILL. We will have the largest ships ever built in this country; no such ships were ever built here, and the additional cost will be somewhere between 28 and 30 per cent.

Senator LODGE. That is the difference on those ships which you have built?

Mr. HILL. Yes, sir.

Representative McDERMOTT. It seems to correspond with the general estimate.

Mr. HILL. Coming down to the question, it is not entirely a matter of the wages of the American sailor. We have a tradition that there were such sailors, but there are very few American sailors on these ships anywhere. Take the American ships sailing under the American flag in and out of our ports; what proportion of their crews are American? It is very small. Even in the larger ships everywhere the proportion of American sailors is very small.

The CHAIRMAN. But, if you will excuse me, it is argued here that sailors from other countries shipping on American ships demand American wages. How is that?

#### LABOR ON THE PACIFIC.

Mr. HILL. They do. I will speak of our own experience. Then I know whereof I speak. Take it on Puget Sound. If you want sailors, you go to a sailors' boarding house or the sailors' union. You go to a sailors' boarding house, and the officers of the union are the men running the boarding houses, and for a man who is dead broke and unfit for any service, from excesses of one kind and another, the boarding-house man wants to find a place, because he has no more money; and that is the man you will get.

The same thing will apply with the longshoreman. You want 100 or 200 stevedores, and you pick out 75 or 100 men, good bright men, and tell them to come to work to-morrow. They can not come. The fellow who has no money and is broke is the fellow who will come, and the fellow who has been on a debauch will come. So long as the other man, the saving, trusted, industrious man, has any money, if the boarding-house keeper can keep him, he will. That is one of the disadvantages that American ships labor under; and it is more of a disadvantage than you think.

For instance, if a ship starts out and the firemen leave her and go ashore at any point, what are you going to do? You have to pay them, and they go. They make a contract with you. How are you going to enforce the contract? You can enforce a contract against a blackbird

in the air as easily as you can against a sailor. And if you enforce it, that will not get your ship along. Your real safety on the Pacific is to hire Asiatic sailors and firemen. Nominally you are sailing under the American flag; in reality you find it safer and more profitable to go under another flag; that is, to transact your business under another flag. Unfortunately that is true.

Representative McDERMOTT. That does not apply to the Atlantic coast.

Mr. HILL. I do not think so. I am not familiar with the Atlantic coast, however.

#### SAILORS AND THEIR WAGES.

Representative McDERMOTT. Is it not a necessary political truth that the average wage which prevails in any given community for that class of physical power and mental power necessary to make a sailor will govern the wages of the sailor? In other words, if, in the city of New York, a man fit to be a common sailor can in other occupations obtain the average wage given to men of his class, he will not ship unless he can get better wages?

Mr. HILL. That is one of the main difficulties in owning and sailing American ships; and it is not limited to ships. To-day you see a great falling off in manufactured articles throughout the country—factories closing every day. We have the raw material in the greatest abundance, and we furnish it to other people, and they pay transportation on it and make the article and compete with us; and that is because everything we make costs so much that we can only sell it with a profit at home. It is the same thing in our coasting. A foreigner might come in and interfere, by making lower rates, with our coasting if he was allowed to.

Let me call your attention to this: As low rates by water are made on the Great Lakes as are made for the same distance anywhere in the world. Five or six years ago they were lower than anywhere in the world, and high wages were paid. But human ingenuity, carrying as far as it could improved methods of loading and unloading, and all that sort of thing, good dispatch, etc., has helped the ship.

Representative McDERMOTT. Men ship in Liverpool because they can obtain about the prevailing wage for their class of labor?

Mr. HILL. Yes, sir.

Representative McDERMOTT. They do not ship in New York?

Mr. HILL. No; because they can not obtain the prevailing wage.

Representative McDERMOTT. A man can go on one of these high buildings and be a rigger, or something of that sort, and get more money than at sea.

#### GOVERNMENT AID ESSENTIAL.

Mr. HILL. That is an exceptional case. I refer to the prevailing wage. The average man in this world earns enough to support himself and his family, if he has one, and to leave enough for his burial, with what little furniture he may have, and possibly a small bank account. The average, I guess, will omit the bank account. The average wage, then, is the cost of living in that way and supporting a family. It is said that to pay that average wage as fixed by the standard in this country makes American shipping prohibitive; that is,

international shipping. If that is true, how can you meet it without governmental aid? Assume it to be true. How can you meet it without governmental aid?

Representative McDERMOTT. Can you meet it with governmental aid?

Mr. HILL. I do not know.

Representative McDERMOTT. You can not meet it without it?

Mr. HILL. You can not meet it without it. Is the Government prepared to go far enough? My home is, and the greatest part of my life has been spent, in a territory that is about as far from the sea as you can get in the United States. I have lived in the State of Minnesota.

Such a policy would be rather hard on our people. They have difficulty in paying the wage they pay for the man to cultivate their land; and they have to compete with the 50-cent labor of the Argentine, and the peasant labor of Europe, and the labor of India, and that of everybody else.

Now, to lay additional burdens on them for the sake of having the American flag at the peaks of some ships, which would be of very doubtful success, I think would be unfair; and in the end, if you did it to a limited amount, the amount appropriated by the Government would soon be absorbed by a few ships, and there you would stop. When you had got a number of ships sufficient to use up the subsidy, you would stop, because other men would not go on.

#### THE MISSISSIPPI PARALLEL.

The CHAIRMAN. What about the burden those on the Atlantic coast are bearing to irrigate the arid lands of the West and to improve the Mississippi River for the protection of private interests?

Mr. HILL. The improvement of the Mississippi River out of the public Treasury! Those of us who have lived on its banks, and I have lived there over forty-eight years, think that that is more of a repairing of fences. If you could lath and plaster the river with cement and make it water-tight and save all the water, you could not get water enough in it to float a ship—

The CHAIRMAN. That is what some of us think.

Mr. HILL. I mean a vessel that would ever be of any use.

Representative McDERMOTT. To follow out my line, leaving the question of labor to take care of itself, allowing that by the introduction of coolie labor, or some other kind, you could man the ships, you have the difference in initial cost, which is prohibitive if it is 25 per cent, because in close competition I can not spend \$400,000 for a ship and compete with you who are running a ship that cost \$300,000, how would you equalize the question of cost?

Mr. HILL. There is one way you could do it very readily. Whether I would advise that method or not is another thing. But if you admit foreign-built ships free of duty you will get a merchant marine quicker than you will in any other way.

Representative McDERMOTT. That covers the ship question.

Mr. HILL. Yes; whether or not that is a wise thing to do is another question.

Representative McDERMOTT. Is not the alternative abandonment? We have got beyond the theoretical question as to the downfall of our merchant marine.

Mr. HILL. It is a patent fact. It is there.

Representative McDERMOTT. The merchant marine is gone.

Mr. HILL. Yes, sir.

Representative McDERMOTT. If there is any remnant left it is going pretty soon unless something is done.

Mr. HILL. Yes.

Representative McDERMOTT. How can you build it up?

IN FAVOR OF AN EXPORT BOUNTY.

Mr. HILL. Unless there is an American demand for it, I do not know how you can build it up.

Representative McDERMOTT. This Commission is assuming that there is a demand, or assuming that its report will be presented so that its recommendations may be adopted. If there is a demand—

Mr. HILL. Allow me.

Representative McDERMOTT. If there is a demand, how will you build up the merchant marine?

Mr. HILL. I will tell you simply my own views. If you should pay a tonnage tax on articles of low cost, which constitute the great tonnage of the country, going to a foreign market or to a new market—and I do not know how you could differentiate the new market from the old—if you could pay an export bounty tax on everything that went out of the country, I think you could probably make it pay to own ships.

Representative McDERMOTT. You mean an export tonnage subsidy?

Mr. HILL. Yes.

Representative McDERMOTT. You do not mean to impose a tax?

Mr. HILL. When I spoke of a tax I had an idea that it would be a tax on the people.

Representative McDERMOTT. There is one other question I should like to ask you. We pay out for the carrying of our goods in foreign bottoms, it is estimated, something over \$250,000,000 a year. That payment is necessarily in gold.

Mr. HILL. I think that includes the passengers.

Representative McDERMOTT. Yes, sir.

Mr. HILL. I think probably \$140,000,000 or \$150,000,000 is paid for our freight.

Representative McDERMOTT. That is paid in gold?

Mr. HILL. Yes, sir.

Representative McDERMOTT. Ordinarily?

Senator LODGE. Or in exports.

Representative McDERMOTT. Or in exports.

Mr. HILL. It lessens the amount of gold that would come to us.

Senator LODGE. It lessens the balance.

Mr. HILL. So it is equivalent to paying in gold?

Senator LODGE. Certainly.

Representative McDERMOTT. Have you ever calculated the effect of that on what is known as the gold movement between this country and foreign countries—

Mr. HILL. No, sir.

Representative McDERMOTT. As to whether it is appreciable or whether it is not appreciable?

## HOW SUBSIDY STARTED.

Mr. HILL. Pardon me. The question of ship subsidy started with a thirty-minute talk. I had come back from the Pacific.

We had started taking cotton from the Southern States, and I got the Japanese to use it by guaranteeing it would improve their yarns, using our long staple mixed with the India short staple that they were using. We got the trade started, but when the South African war broke out, ships on the Pacific were scarce and high, and I was over on the coast and found we had to cancel in a week twenty-odd thousand bales of cotton, and I looked the matter up. I think we canceled in the month of December of that year something over 60,000 bales of cotton, because we could not get ships to carry it.

When I came home Senator Davis was alive, and Senator Hanna was there at a little reception. I told them what was happening, and asked why the United States did not try to make some intelligent effort to get ships that would carry our products to new markets. Cotton at that time was selling at  $4\frac{1}{2}$  cents to 5 cents, and the people were suffering on account of the low price, and here there were not any ships to carry it to market. Mr. Hanna came to me before I left the room and said: "I am coming to see you to-morrow." And he did. And he opened his campaign in Ohio with the subject of ship subsidies. That is the way it started.

Coming back to the whole question, is this Government to appropriate \$10,000,000 or \$12,000,000 a year? If it did, how long would it be before a few ships would have that subsidy, and then the inducement for others, who could not get the subsidy, to go into shipping would be gone, because they would say "we can not compete with a man who has already got in and receives a Government subsidy." Unless the subsidy can go on the stuff that is carried, I do not see how you are going to apply it intelligently.

## MR. HILL'S PLAN.

Representative McDERMOTT. Your proposition is to give an export bounty?

Mr. HILL. That is it.

Representative McDERMOTT. Others want differential duties.

Mr. HILL. They would bring about the same thing.

Representative McDERMOTT. Differential duties would involve international complications, while an export bounty would not.

Mr. HILL. On account of the favored nation clause, and so on.

Representative McDERMOTT. Would there not be retaliation immediately?

Mr. HILL. I think we will have retaliation anyway.

Representative McDERMOTT. Not if you give an export bounty. There would be no reason—

The CHAIRMAN. You will find that the treaties provide against an export duty as well as against differential duties.

Representative McDERMOTT. We would have to amend the treaties.

## EXPORT BOUNTIES AND THE WEST.

The CHAIRMAN. Mr. Hill, you say that the people of Minnesota would probably object to subsidies, and yet you speak of taking money out



of the Treasury in the shape of an export bounty. Why would they not object to that just as much?

Mr. HILL. If it is paid on the stuff that is carried to a new market, they would get a benefit, and if the stuff was not carried to a new market you would not have to pay it. If it was carried to a new market every man, we would naturally suppose, would get a benefit in the increased demand coming from the new consumers.

Now, another thing, Mr. Chairman. You spoke of the question of the public domain and irrigation and the Western States. I do not want you to be at all jealous of our Western States, because they are all settled by people from as far east as Machias and East Machias.

The CHAIRMAN. I have always voted for irrigation projects and everything else that would help the West.

Mr. HILL. That is good. Our public domain is gone, or that portion of it where men can go and support their families, unless there is some artificial moisture brought upon the land. To-day people by the tens of thousands are leaving their own country and going to the country where I was born—Canada. They do not want to go, but people are going into Canada from Iowa, southern Minnesota, South Dakota, and a few from Nebraska and Kansas and Michigan, and some from Wisconsin.

The CHAIRMAN. I chanced to be born in the same country that you were. Are not the people to whom you refer going because they can sell their Iowa land for \$100 an acre and get equally good land in Canada for \$25?

Mr. HILL. They sell their land at from \$60 to \$75 an acre and buy the other at from \$5 to \$8 an acre.

The CHAIRMAN. Exactly. Is not that why they are going?

Mr. HILL. They would pay \$25 an acre for land with water on it as cheerfully and readily as they would pay \$2.50 for land without water. Bear in mind, we all have to plead guilty. We do not carry secrets around with us, anyway.

#### AGRICULTURE THE SHEET ANCHOR.

On the question of irrigation, I saw our great domain being occupied; and the public domain has been the safety valve for the country, because when a man got through the turmoil of trades-unionism and one thing and another, he would say, "I will save a little money and go on a farm and become a farmer, and sit under my own vine and fig tree;" and many of them have done so. I think the agricultural portion of our nation has always been its sheet anchor, and I think it always will be. I think it has its full share of intelligence and patriotism and everything that goes to make good citizenship. And the money derived from the parcels of land that have been sold in those States, we would ask you, in fairness, to lend to us, to be spent in our own States, because you could not irrigate Rockingham County in New Hampshire [laughter], and you could not grow anything if you did.

The CHAIRMAN. But we would like to irrigate our shipyards. [Laughter.]

Mr. HILL. I should like to help you. But when you undertake to do that, let us do it on a foundation basis that is going to be permanent, and not one that will fall over and put us in more trouble.

Representative McDERMOTT. You do not want any more irrigation of the kind they had in the shipyards in New Jersey. [Laughter.]

Mr. HILL. Not in any sense whatever.

The CHAIRMAN. Our anxiety is just this. Senator Lodge and I have always voted for irrigation bills and all measures of that kind.

Mr. HILL. We are thankful to you.

The CHAIRMAN. We were glad to do it. Now, a gentleman representing shipyards in Bath, Me., said his yards were closed; that the men were out of employment; and that is going on all over the North. We would like, and we especially desire, to receive suggestions of a plan that would tend to overcome that condition of things and rehabilitate those yards and rehabilitate the merchant marine. You seem to be very pessimistic on that point.

Mr. HILL. I am. After spending a long time on the question, and looking at it from a purely business standpoint, I would not have undertaken to build those ships except as a sort of regulator. I thought we would try the experiment and as an incident to our railway transportation business. Otherwise I would not have undertaken to build them at all.

If you do give Government aid in any direction, my own investigation brings me to the conclusion that it would be more effective in the shape of a tonnage bounty on exports than in any other way.

#### AS TO THE POSTAL SUBSIDY.

The CHAIRMAN. Have you given any thought to the extension of the postal subsidy method, we already having a law on that subject?

Mr. HILL. Yes, sir; the postal subsidy. The ship that carries the mail is, as a rule, a ship which could not make a living carrying freight; and the first thing we want is something that will carry freight—that will carry our products which are going to market. Really, the first thing we want, and what we are going to find we need worse than ships, is new markets. We are going to need them sooner than we think, and when we do need them the quickest way to get them will be through the proper means of transportation, because you will find, if our competition is with Europe, that transportation cuts quite a figure. The cost of laying an article down where it is to be used is what we have to meet, and there is no sentiment in it.

Senator LODGE. Mr. Hill, I should like to ask you a question. I think I understand your position, but I want to get it clear in my mind. In order to build ships you must have the demand?

Mr. HILL. Yes, sir.

Senator LODGE. The investment must be an attractive one?

Mr. HILL. If it is to be permanent.

Senator LODGE. If it is to be sound and permanent.

Mr. HILL. Yes, sir.

Senator LODGE. In order to create a demand you must equalize conditions?

Mr. HILL. Yes, sir.

Senator LODGE. You must do that in order to secure the investment?

Mr. HILL. You must reasonably equalize them.

Senator LODGE. Reasonably, of course.

Mr. HILL. We can not force our sailors to take what a Norwegian sailor will take on a tramp ship.

Senator LODGE. I understand that. We must reasonably equalize conditions.

Mr. HILL. Yes, sir.

## THE THREE FACTORS.

Senator LODGE. Now, the conditions we have to meet in foreign shipping, roughly speaking, are three—the cost of construction, cost of operation, and Government aids?

Mr. HILL. Yes, sir.

Senator LODGE. If we admit a ship free, we equalize the cost of construction. If we can buy our ships on the Clyde, of course we would equalize the cost of construction. Is not that true? But to equalize the cost of operation you must lower the entire rate of pay on board an American ship. You have to employ foreigners, have you not?

Mr. HILL. We do that anyway.

Senator LODGE. Exactly, for seamen; but you will have to employ foreign masters and officers?

Mr. HILL. Not necessarily foreign masters.

Senator LODGE. Do not our masters get higher pay than the masters in foreign services?

Mr. HILL. Some of them do and some do not.

Senator LODGE. As a rule?

Mr. HILL. Yes; as a rule all wages are higher here.

Senator LODGE. That is what I thought. You would have to get an equality of wages, and you would have to open our ships, in the Pacific at least, to the Chinese in order to get an equality of conditions there, would you not?

Mr. HILL. Under the present law a certain portion of the crew may be Chinese.

Senator LODGE. But I mean to put ourselves on a perfect equality with the Chinese or the Japanese line we should have to be able to employ Asiatics?

Mr. HILL. We may go a little further. We might be compelled to meet, in every way that it can be done, the conditions that exist on the ships of our competitors.

Senator LODGE. Buy your free ships and bring your operating cost down to the level of other nations?

Mr. HILL. Yes, sir.

## AS TO FOREIGN SUBSIDIES.

Senator LODGE. Then there remains the mail subsidy?

Mr. HILL. Yes, sir; the mail subsidy. The mail-carrying ship will furnish us very little relief in the matter of carrying our produce. It could be more cheaply carried.

Senator LODGE. I understand that; but at the same time in competing generally with foreign nations, where you meet an English line having a mail subsidy, in order to get an equality of conditions you must give our vessel a similar subsidy and similar business.

Mr. HILL. That is, if our companies or owners owned freight ships and passenger ships, as most of the English do.

Senator LODGE. Yes. Must we not adopt that system, or abandon any effort and allow the whole thing to go, or afford some form of Government aid? Are not those the three courses open to the Government?

Mr. HILL. I think I can answer that in this way: To my mind you will find only two courses. One is a tonnage bounty on exports and

the other is to meet the competition of other nations, as far as the Government of our country can do so, by a very liberal bounty.

Senator LODGE. Yes. That is Government aid.

Mr. HILL. A very liberal bounty, a bounty that would make itself felt to an extent which would make it useful, would run into a very large sum.

Senator LODGE. Of course. A Government bounty or a mail subsidy or discriminating duties are all forms of Government aid.

#### AN EXPORT BOUNTY GOVERNMENT AID.

Mr. HILL. Yes, sir.

Senator LODGE. I have been very much interested in your suggestion of an export bounty, but that is a form of Government aid.

Mr. HILL. Yes, sir.

Senator LODGE. But if we do not give Government aid in some form we must either bring our cost down to the foreign level or—

Mr. HILL. Or go out of the business.

Senator LODGE. Or go out of the business.

Mr. HILL. That is right.

Representative MINOR. Here is a copy of a bill prepared by myself and one or two others in Congress—by three members of the Merchant Marine and Fisheries Committee of the House. We had it printed, but it never was introduced. We provide what shall be paid per ton per mile for certain-sized vessels, and then we put in this proviso:

*“Provided, That no vessel shall be entitled to the full compensation under this clause unless she shall have cleared from a port of the United States with cargo to the amount in capacity of fifty per centum of her gross tonnage, and any shortage in the amount of cargo required and defined, as aforesaid, shall diminish the amount of compensation in this clause provided for in the proportion that such shortage bears to the total cargo or its equivalent so required.”*

#### A TONNAGE PROPOSITION.

That is the cargo clause. In other words, in order to be entitled to the subsidy, she must have carried 50 per centum of her carrying capacity, and any less would reduce the payment.

Mr. HILL. You know there is a difference between the carrying capacity of a vessel, depending on how you count it. It might be her net tonnage or her measured tonnage.

Representative MINOR. We provide that a certain number of square feet shall constitute a ton. Suppose this Commission should decide that to be a proper clause, and then we should provide that each ship drawing a subsidy should only do so for a period of ten years, say, and after that the subsidy should cease. I understood you to say that in the case of a subsidy a large amount of money would be consumed by a few ships, and that would be the end of it.

If I were to have my way about it, I would say that for a certain number of years a ship should be entitled to the subsidy, and then she should pass out of that class and let the other fellow with the new ship come in. I should like to get your views on that.

Mr. HILL. The first feature there, I think, is the best thing I have seen in any of the bills.

Representative MINOR. You know who prepared it.

## AT THE END OF TEN YEARS.

Mr. HILL. Now, I will go a little further. You propose to drop it at the end of ten years. What would become of the fellow who had the old ship, who had pioneered the business for you? Somebody with a more modern ship, better able to stand competition than he is, would walk in and take the Government aid, and the other fellow would be ruined.

Representative SPIGHT. He would have to go out of business.

Mr. HILL. The effect of that provision would be that during the time he was able to live, under favorable circumstances, during the time when he was in favor, he would have to carry his traffic at sufficiently high rates to pay for his whole plant in ten years, or he would have to go out of business at the end of that period. That is the point there.

Representative MINOR. That provision was prepared on the theory that in ten years he could establish a business, and in ten years on a fair subsidy the Government would have paid the first cost of his ship, so that thereafter he would not have to make so much money. He would have the ship, and he would have an established business.

Mr. HILL. You could not make him retain the ship.

Representative MINOR. Certainly not.

Mr. HILL. You could not make him run it, either. And he would not run it unless it paid him. There is the difficulty.

## MUST BE PERMANENT.

Allow me to say that the great difficulty with all these measures is to adjust them to conditions that may be permanent. Without any prejudice one way or the other, for I am sure I would like to see the American flag—

Representative MINOR. I know that.

Mr. HILL. I am sure I should like to see the American flag on all vessels coming in and out of the ports of the country; but I do not think you could, after carrying him for ten years, come in then and subsidize somebody else to drive him out of the business. He might want to go on and build new ships as well. Perhaps his ships of to-day would be coal hulks ten years from now. You can not get something for nothing. There is only one instance I know of in which you can do that, and that is to get the United States mail carried in a railway post-office car. That you can get for nothing.

Representative MINOR. The sum which the Government would pay him in the course of ten years would build him another ship.

Mr. HILL. The difficulty would be that you would start another fellow to ruin him, and he would sell out to the other fellow.

Representative MINOR. We would have the ship, anyhow.

Mr. HILL. He may furnish the ship once, perhaps, but the next time he will tell you "No, thanks."

## AN EXPORT BOUNTY TO THE SHIPOWNERS.

Senator MALLORY. I should like to ask you a question on a point which has been passed. You said, practically, that according to your idea, the only feasible plan by which we can accomplish the result

sought here is by an export bounty. Can you state in detail how that export bounty is to be applied? Who is to get the benefit of it? How is it to reach—

Mr. HILL. It is very well done in Mr. Minor's draft. You would not pay it unless the service was performed, unless the products of the country were carried to the other market—a foreign market—and if they were carried to a foreign market the service would be performed, and you certainly would be paying for something that you had got. Whether you would pay too high a price or a fair price is another question.

Senator MALLORY. Is that bounty to be paid to the shipowner?

Mr. HILL. Yes, sir; because he is the man you are trying to serve in order to induce him to own ships. He will pay it to the shipper in the rates, because he has to meet whatever rate a ship sailing under another flag makes, and it is in order to equalize, as far as you can, those conditions that you pay the bounty.

Senator MALLORY. Have you thought on the subject sufficiently in detail to be able to state how much, in your judgment, such an export bounty would amount to, to start with, say. We know what a ship-subsidy bill would amount to.

Mr. HILL. Oh, yes; I know. I worked that out once to see how far the amount proposed in that bill would go, and I think I counted that nine ships or ten ships would have taken it all.

Senator MALLORY. I think that was about the estimate made in Congress.

Mr. HILL. Yes; it would not go very far for a merchant marine.

Senator MALLORY. How would this compare with the nine millions it was proposed to give as a direct subsidy to ships?

#### WOULD GO A LONG WAY.

Mr. HILL. This plan, the draft of which Mr. Minor read, could be worked out in a simple way, and I think you would get a great deal of tonnage carried in American ships for \$10,000,000 or \$15,000,000—an immense amount.

Senator MALLORY. \$10,000,000 or \$15,000,000 a year?

Mr. HILL. Yes, sir; take some of it out of the river and harbor bill.

Senator MALLORY. Do not take it from that. We have not had our rivers and harbors in the South attended to.

Mr. HILL. You are down where there is a great harbor, down to the mouth of the river; but let me say that the great big navigation is on steel rails; and it will be. My first transportation service was in connection with the Mississippi River between St. Louis and St. Paul, and I have a most kindly place in my heart for the Mississippi River; but the clock struck 12.

Senator MALLORY. Undoubtedly; so far as the rivers are concerned. We concede that. But as to harbors; take Philadelphia, for instance; take Boston—

Mr. HILL. Take New York.

Senator MALLORY. Take New York; they are clamoring for deep water.

Mr. HILL. They need it.

Senator MALLORY. Undoubtedly.

Mr. HILL. We can not take a load in our big ships to New York, and I do not know of any Atlantic port to which we can.

Senator MALLORY. Consequently we can not take the money for subsidies away from harbor improvements, at least.

Mr. HILL. I am with you to improve harbors.

Senator MALLORY. Even on your own coast I suppose there are places where you need harbor improvements.

Mr. HILL. Dear me, yes; we need them greatly, and at some places we need protection against the destruction of the harbors we have.

#### DISCRIMINATION IN INDIRECT TRADE.

Senator MALLORY. Now, one other point, if it is not tiring you. A bill was introduced in Congress at its last session, the main feature of which, I may briefly say, provided that the United States Government should make a discrimination in favor of American ships in the tariff on articles brought in American ships from foreign countries, discriminating against indirect trade by foreign ships. In other words, a British ship bringing a British product, either agricultural or manufactured, to this country would come in as an American ship would without making any change, but a British ship bringing a French or German or Italian product to this country would be subject to the discriminating duty. The effect of that, if it went into operation, would probably be to give the American ship a considerable advantage in the course of time. I think that is conceded.

Mr. HILL. Considering the condition we are in at the present time, I do not think that for a long time to come we need consider paying a bounty to anybody to bring the other fellow's manufactures into our country, whatever they are.

Senator MALLORY. This is not paying a bounty to anybody else. It is simply reducing the rate of tariff as a premium to the American ship to bring cargoes to this country.

Mr. HILL. A cargo? Let me see if I understand you. An American ship that would bring a cargo of goods from England, if you like—

Senator MALLORY. Yes.

#### HELP OUT THE PRODUCERS.

Mr. HILL. I do not see it. Let us take care of the producers of the tonnage and remember that the people who are producing the tonnage which pays the \$150,000,000 are the men who raise the cotton and the corn and the grain and the provisions. That is where the tonnage comes from. They furnish it. When we have any money to pay, let us pay it as long as is necessary toward finding a new market for our stuff that is going out, and thus help out our producers.

Senator MALLORY. There is no use of having new markets if we have no means of carrying our goods to the new markets. Unless we have the means of transportation, the new market is utterly lost to us.

Mr. HILL. Yes; and it is lost to us to-day. They are canceling orders for American goods to-day. We are taking twenty-five millions of the Japanese loan. I suppose we will be in good luck if they spend two millions of that in our country. They are buying a little canned fish on the Pacific coast. I do not know of anything else they are buying in this country.

The CHAIRMAN. Do you refer to the Japanese?

Mr. HILL. Yes, sir.

The CHAIRMAN. That is about all their army needs—canned fish and rice.

Mr. HILL. Yes; but they buy ships, guns, ammunition, and so on. I think Germany is furnishing the bulk of the supplies.

#### THE JAPANESE SUBSIDIES.

Senator LODGE. On the matter of the Japanese, I wish you would speak of their heavily subsidized lines.

Mr. HILL. I think their plan is that a merchant patronizing a Japanese line gets a drawback on what he ships.

Senator LODGE. My impression is, the Japanese give a construction bounty and a tonnage bounty also.

Mr. HILL. The tonnage bounty is about their profit.

Senator LODGE. They also get a construction bounty in the yards.

Mr. HILL. I have tried to satisfy myself on that point.

Senator LODGE. My impression is that it is a very scientifically subsidized line.

Mr. HILL. I asked Ito. He stayed two or three days at my house. He is a very capable and bright man. I discussed a great many things with him. If there is anything of the kind you speak of, in the nature of a construction bounty, it is so successfully covered up that I was not able to locate it.

#### THE BRITISH SUBSIDIES.

Senator LODGE. And the Canadian Line——

Mr. HILL. The Empress Line?

Senator LODGE. The Empress Line gets a mail subsidy.

Mr. HILL. Yes, sir; that line gets a subsidy of about \$600,000 a year, I think it is—£120,000.

Senator LODGE. So that your boats and Mr. Winsor's boats have to compete with the Japanese line and the English line, both of which are subsidized?

Mr. HILL. Yes, sir; and we have to compete with the Canadian railroads, which buy steel rails from the same mills we do at \$10 a ton less.

Senator LODGE. Did not some of our railroads have land grants?

Mr. HILL. Yes; and some of them did not.

Senator LODGE. I know some did not; those in the East did not.

Mr. HILL. I speak for one in the West which did not, and it crossed the American continent, and did not fail and did not reorganize.

Senator LODGE. I know. Some did and some did not.

Mr. HILL. And from an international standpoint, that line is nearest to the international border of any American railway, and in case of trouble would be of great use.

Senator LODGE. There are railroads that have received considerable Government aid.

Mr. HILL. And it did not do much good, I am sorry to say.

Representative McDERMOTT. You speak of an export bounty, and evidently speak of it with the idea of searching for foreign markets.

Mr. HILL. As far as it can be done.



## THE CASE FOR SUBSIDIES.

Representative McDERMOTT. Those who have spoken in favor of subsidies have put the necessity for subsidies on two grounds. One is that the subsidies would protect and create business for American ship-yards; the other, that it would provide a class of seamen who would be serviceable in time of war. Upon those two propositions those who have asked for subsidies here have pinned their request. Is there, in your opinion, anything in either one of those propositions which would justify the expenditure of money from the United States Treasury for that purpose?

Mr. HILL. It would be a great advantage to us to employ men in building ships, or in making the plates for the ships, or in mining the ore that goes into the plates, or the coal, and in everything that employs labor.

Representative McDERMOTT. That is the protective principle pure and simple.

## AS TO LABOR.

Mr. HILL. Yes; but suppose the result of that is to make the cost so high that we can not sell the ship or whatever the article may be. If a man is getting \$3.50 a day, and works one hundred and fifty days, he gets \$525 for his year's work. If he works three hundred days and gets \$2.50 a day, he gets \$750. In both cases he has sold his time.

The point is that I think we are to-day in a period of great industrial distress, because of the high cost of everything, and we will have to come down. It may not be pleasant, but we will have to come down before we will get out of it. We will have to adopt a good liberal scale. Our people can not work and educate their children, and take care of themselves as people are compelled to do in older countries, and we do not want them to. The Government can not assume that burden for the benefit of one class without doing it for the benefit of others. At least it seems to me it would be unfair.

On the question of the wages of the sailor, we are paying the highest wages to sailors of any country in the world, and much higher than anybody else. Do you know of any number of American sailors? I employ 18 in the summer months, and I think last year I had two, Mr. Chairman, who were born in the United States. The rest of them were foreign born. Those I employ get good pay and have very little to do.

## AS TO A NAVAL RESERVE.

Representative McDERMOTT. You have answered my first question. Their first point is that it would encourage American labor. The industry is now prostrate. That is admitted, for the sake of the argument, anyhow. They say a subsidy would revive or recreate that industry, under the protective theory. There you stop, so far as American labor is concerned. Next, they say that by the employment of a certain number of American citizens on the ships, you would educate American boys so that they could be used on the water in time of war. Is there anything in that proposition which strikes you as being strong enough to justify the payment of money out of the Treasury?

Mr. HILL. I think there is absolutely nothing whatever in it. I think the American boy feels he can do better in something else.

#### AS TO TRANSPORTS.

Representative McDERMOTT. The third proposition, which is somewhat similar to the second, is that these ships, being constructed in this country, having American registers, can be used for transport service in time of war, if another war shall ever come. Is there anything in that suggestion, in your opinion?

Mr. HILL. They could be so used.

Representative McDERMOTT. Would there be any trouble in obtaining—

Mr. HILL. We could, as we did before, buy all the ships we wanted in time of war cheaper than we could build them.

Representative McDERMOTT. Then none of those three propositions appeals to you as having in it principles of sound political economy?

#### THE EXPORT BOUNTY BEST.

Mr. HILL. I do not feel that they cut any important figure in the whole question. I think if you can work on the other line, if your object is to have American ships built in America and flying the American flag, you should make it profitable for Americans to own ships. I think the export bounty will go further in that direction than anything else, and if the ships do not carry the products of the country you will not have to pay them, and if they do you certainly will have some service in return for the payment.

Representative McDERMOTT. In other words, you think it would be justifiable if they are good drummers and get trade?

Mr. HILL. That is it.

#### STATEMENT OF WALLACE DOWNEY.

Wallace Downey appeared before the Commission.

The CHAIRMAN. Mr. Downey, please state your present business.

Mr. DOWNEY. I am president of the Townsend-Downey Shipbuilding Company.

Mr. Chairman and gentlemen of the Commission, the deplorable condition of our American merchant marine in the foreign trade seems to be generally admitted and recognized, as is also the deplorable condition of the shipbuilding industry in America. Therefore I will not take up your time in elaborating upon that phase of the important subject under consideration by this Commission.

The necessity of a merchant marine, owned and operated by American citizens, I believe is of the utmost importance, first, from a commercial standpoint, and, second, from a military standpoint.

It is generally admitted that a very considerable difference exists between the cost of building a ship of any type in the United States and in foreign countries. For many reasons this difference changes to such an extent that a variety of opinions exists as to what the difference really is. I appreciate fully the difference in first cost.

I have no reason to doubt the statements that have been made here in regard to the difference in cost of operation, and from facts and

data that I have gathered I have arrived at an average difference in cost of construction running from about 33 to 60 per cent more than the English cost, and the cost of operation, from what I have heard and read and gathered in a general way, I should place at about 33 per cent.

There seems to be a very great question in the public mind as to whether the people of this country can afford to have a merchant marine if it is going to cost the great difference for construction and the great difference for operation and if those differences have to be made up by Government subventions. I believe firmly that the people of this country can afford to have their own merchant marine at the present specified extra cost and as shipbuilding and operating increased the difference in cost would grow less.

#### PRESENT CONDITIONS ABNORMAL.

I have prepared an approximate statement as to how it would work out as a commercial proposition, based upon a ship of 6,500 tons dead weight carrying capacity. Gentlemen, I think I can explain to you some of the great discrepancies mentioned here in the first cost of ships. The condition that exists to-day in the English shipyard is that they are building at the very minimum of cost, and there is a question in the minds of a number of people who have investigated it as to whether the English shipbuilder to-day is getting anything more out of the ships he builds than the actual hard pan net cost, without even his overhead charges added on to as he ordinarily does in normal times. I believe that is the condition in England to-day.

On the other hand, the cost of a ship built in the United States during the past three years has been abnormally high, resulting from high prices of material and labor.

As each of us has gathered figures from different sources, one may have gotten data that show a difference of 33 per cent on some specific ship—another, possibly, under the most favorable conditions, so far as the purchaser was concerned, and the most unfavorable so far as the builder was concerned; that is, the builder lost 10 or 20 per cent on the actual construction of the ship, which accounts for the present condition of our shipyards. The other results may have been arrived at—for instance, the great difference of 75 per cent, which has been mentioned, and the estimate of 80 per cent—by comparing the abnormally low cost of an English ship to-day with the abnormally high cost of an American ship.

#### THIRTY-THREE PER CENT IN NORMAL TIMES.

I say in normal times, when the English shipbuilder is making his normal profit and when the American shipbuilder can secure steel and other materials promptly, at reasonable prices, when the labor condition is such that men work steadily and industriously, not necessarily cheaply, in American shipyards, under such conditions as those I believe the difference in cost would be approximately 33 per cent excess in America over England.

To illustrate the net commercial result to the American people if they adopted a policy of subsidies of any kind that would build up and continue in operation an American merchant marine, I will take one

steamship of 6,500 tons dead-weight carrying capacity. That is the best way to make your calculations, either of the earning capacity or cost of a ship. This ship in England would cost about \$34 per ton of dead-weight capacity, or the total sum of about \$220,000. A ship of exactly similar type and size would cost in America about \$55 per ton, or \$357,500.

A square-rigged sailing ship, steel, such as Mr. Sewall was talking of, of 5,000 tons dead weight carrying capacity, would cost in England about \$26 per ton dead weight carrying capacity, equal to a total cost for the ship of about \$130,000, and in America that ship would cost about \$38 per ton, or about \$190,000. The difference is about 50 per cent on that particular kind of a ship. I do not need to make any argument to prove those differences. They exist. There is no question about it.

The difference in cost of operation will average, I believe, about 33½ per cent at the present time. That is 33½ per cent more than what it costs the Englishman to operate. I do not say that the English can operate 33½ per cent less than what it costs us to operate. It makes a very distinct difference.

On the question whether it will pay the American people to grant subventions to create and support this American merchant marine for foreign trade, I wish to say that I believe it will pay as a strictly commercial proposition, and from a military standpoint I deem a merchant marine an absolute necessity. I think anyone who has studied history with any sort of care, who has looked over the success and the necessities for success, in any maritime power, must realize that a merchant marine is an absolute necessity, and looking forward into the future I believe that any country situated as this country is which has no merchant marine will be in a most helpless condition when the time arises when it will be in controversy with other nations, not one but perhaps two or three. If such a condition ever arises, and the present condition of our merchant marine continues, we will be helpless. I do not think that is a matter of theory. You can not make expert sailors, you can not make trained gunners, out of farmers quickly—as we might require them in certain emergencies.

#### A SPECIFIC INSTANCE.

Now, viewing this ship proposition from a strictly commercial standpoint, I will submit an illustration, based as I said upon a 6,500-ton dead weight carrying capacity steamer. Assuming that such a vessel will cost, built in America of American material, \$350,000, and assuming that the people will pay the difference between what that ship would cost in England and what it does cost in America, the amount that the people would have to contribute to the first cost would be approximately \$130,000. Assuming that the cost of operation is about 33½ per cent in favor of England, and that a subvention is granted to equalize that, it would cost the people approximately \$18,000 a year to make up the difference in cost of operation. Assuming that the ship is built and immediately put into operation, in the first year it would cost the people of the United States approximately \$148,000, including the difference in cost of first construction, which would be settled for all time then, and including the difference in the cost of operation. Now, that would be the investment of the people of the United States in this specific ship.

Senator MARTIN. You do not make any provision for what subsidies foreign nations may grant.

Mr. DOWNEY. I am dealing in this matter entirely on a basis of equity. If we establish a condition that will place American ship-owners and American shipbuilders on a par with the foreign ship-owner and the foreign shipbuilder, and if then the Americans can not compete, it is absolutely useless to try to help them, and it would not be proper to help them any further.

#### COMING BACK TO THE PEOPLE.

To offset that investment on the part of the people of the United States the first return that the people of the United States would receive out of that ship would be about 90 per cent in labor, amounting practically to \$315,000. I mean by "labor" the labor from the time the soil is turned to dig the coal and iron ore, to cut the lumber, to contribute everything that goes into that ship. I am perfectly safe in saying that 90 per cent of the whole ultimate cost of that ship is labor—from the coal and iron mines and the lumber woods until the ship is completed, with the flag flying, ready to go to sea. This first result to the people of the country would be the receipt of \$315,000 in labor in that ship.

The next receipt by the people would be, I think, approximately 75 per cent of the total operating expenses, amounting to approximately \$45,000 a year. That would be paid to officers and men, including all of the staff—sailors, firemen, engineers, etc.—and to the supply people. I am allowing that 25 per cent of the total operating expenses of the ship would be paid in foreign ports and 75 per cent would be paid in American ports.

I base that calculation upon what is actually being disbursed in the case of a ship in New York to-day. If she is an American ship she spends about that much in proportion over and above what the foreign ship disburses in New York. I feel perfectly safe in saying that 75 per cent of the total cost of operating that ship per year would come back to American pockets.

If we take that ship for a period of fifteen years, which I consider the average reasonable lifetime of such a vessel, for at that age she is either obsolete or lost, it would give a net result about as follows: The people would have contributed to the first cost \$130,000; they would have contributed in fifteen years \$270,000 to the operation of the ship, making a total of \$400,000 in support of this vessel.

#### TWENTY-FIVE PER CENT A YEAR.

Now, the returns to the people of the United States in the matter of building the ship, labor from the coal and iron miner to the man who hoists the flag, would amount to \$315,000. Seventy-five per cent of the cost of operation coming to American pockets would be \$675,000. Assuming that American shareholders in this ship would, as they should, receive 15 per cent upon the net amount of their money invested in this ship, it would make in dividends in fifteen years \$495,000. That would also go into American pockets. Thus the total sum coming to this country from that ship from all sources in fifteen years would amount approximately to \$1,485,000, to secure which the American people, on this basis, would have invested \$400,000, which

works out a dividend in cash and industry, which represents cash in the final analysis, of 25 per cent per year for the people's investment which they have made in the way of subventions or in any other way that they desire to create and operate this ship.

I do not believe, gentlemen, that there is any question about the American public being able to afford such a commercial proposition. Those calculations are based on one ship. If you want to amplify it, multiply it as many times as you like by any number of ships.

#### TWO HUNDRED MILLIONS TO SAVE.

We pay approximately \$200,000,000 a year to foreign ship owners for carrying the trade to and from the United States. I am free to say that if I was financing the United States I would feel that I was a culprit if I did not make some attempt to earn that \$200,000,000 a year and to distribute it from the coal miner through all the mechanics of the country down through the sailors and officers of the ships and back to the shareholders, to be spent again in building other ships or making other investments in this country. The loss of that \$200,000,000 to this country—it is a loss and a direct loss—is a part and parcel of our foreign commerce. We have spent blood and money to develop that foreign commerce. We have developed it. I was sorry to hear Mr. Hill say that some orders are now being canceled. I think at present we are in rather a peculiar stage of the world's commercial transactions anyway. I do not think it will always continue.

But in the main that is what we are after—\$200,000,000 per year. The question is, how shall we get it? We never can get it if we allow the present condition to exist. I realize perfectly that the problem of devising ways and means to secure a part of that, and ultimately to secure the major part of it, which we had, is a most difficult problem, a most technical proposition, and it will require great care and great attention to technicalities to work out any sort of plan that will be equitable to the man inland, to the man on the water front, and to the man at sea.

#### THE WAYS AND MEANS.

Now, a word as to the ways and means of doing that. The free-ship idea is a very popular one with a great many people. I can not help but think it is a very superficial idea, for the reason that if we go to free ships we shall have to resort to some sort of subvention to make up the difference in the cost of operating the vessels. It will be just as difficult to solve that question as it will be to solve the question of building and operating. If we should go to free ships the result must be that the material and labor men of this country must contribute to the material and labor men of foreign countries the total cost of the ship whatever in the discretion of the foreign shipbuilder he may choose to make it. I think, gentlemen, that will be inevitable under the peculiar system that exists in the United States in the matter of tariff policy.

It certainly is an artificial condition. There is not any question about that. I believe that that artificial condition affords the people of this country an opportunity to live better as a result of getting higher pay, and higher pay is an absolute necessity under the condition of costly production that exists. And so long as the tariff policy con-

tinues in this country, the condition of shipping, left in its present state, is always one of being discriminated against by the balance of the industries of the country.

#### SHIPPING ALONE NEGLECTED.

There is absolutely no doubt that the protective tariff is fostering in its character. It has fostered and is fostering almost every other industry in the country. The shipping industry has absolutely not been fostered at all under that policy, and nothing has been provided to equalize the situation between a man who invests his money in the shipping industry, either as builder or owner, and the man who invests his money in a steel mill or a coal mine or a farm.

People argue against the horrible idea, as they put it, of ship subsidies. They say, "Why should the farmer in the West be called upon to contribute to your ship on the Atlantic or the Pacific coast?" "It is an outrage," they say. I say it is a most equitable proposition. If money is appropriated at Washington to irrigate the farm of the man in the West, which is useless without irrigation, it is just as logical to appropriate money in Washington to irrigate shipyards and ship-owning, no matter what anybody may say to the contrary.

I regret exceedingly that such an eminently selfish view is being taken by very enlightened people in the United States on the matter of shipping. A great many of the papers of the country set us forth as subsidy grabbers. They cite us as terrible examples of wanting to get into the Treasury. Gentlemen, I think we are bearing our proportion of all the contributions that are made to all other parts of the country—in the river and harbor bill, irrigations bills, and bills for the defenses of the country. And the situation will never be equitable until something is done to permit American citizens to build and operate ships. So long as the present condition exists, it is an absolute clean-cut discrimination against one industry in favor of a great many other industries.

In support of the argument that subsidies should not be paid our opponents say: "We have either to pay them in higher freights or we have to lose them in less duties, or in some other way the people have actually got to contribute to the ships." Without being interested they are most shortsighted in taking such a view of this great matter. There are \$200,000,000 per year of money to be earned. If the people of this country will by any means enable the shipping men of this country to earn a part or all, if possible, of that money, they will not bury it on the shore when they get it. It will immediately go back broadcast through the country to pay for the steel and the wood and all the rest of the material that is used to manufacture these ships. It will go back into the country to pay for the produce that will go to supply these ships, and the farmer in the West will reap just as much benefit out of a dollar earned by an American ship for carrying his grain as he will receive in benefit out of a dollar that the foreigner pays for his grain; and if he is protected to the extent of 10 or 15 cents a bushel on grain coming from Canada or any other country we conserve his interest.

I say, gentlemen, that he must be brought around to recognize the fact that he must join in conserving our interest, and until he does that and is willing to do it, he is a discriminator. He wants protection, and

he is not willing to grant it; and on the whole digest of this subject, if the protective tariff policy is to be pursued in this country, then I say, gentlemen, apply it to American ships, and if you can not apply it to American ships abolish it entirely and let us go on our own bottom and see what we can do. It is as fair for one as it is for another.

#### “FREE SHIPS” DELUSIVE.

Assuming that a free-ship policy should be adopted, what result would we get? If under this policy American owners should decide to have ships, then, instead of paying the price of the vessels to American builders and workmen, this American capital will go directly out of America into the pockets of foreign builders and workmen. This policy would inevitably complete the ruin of the shipbuilding industry in America except so far as Americans will pay exorbitant prices for Government ships and vessels for the coastwise trade. Furthermore, it has been well established by evidence submitted to your honorable Commission that the difference between cost of operation of American ships and foreign ships is so great that even though the American were able to buy a ship or ships at as low prices as a foreigner, he could not operate them in competition so long as the present conditions prevail. Therefore, one of two things must be done, if the ship is operated under the American flag, either allow the owner perfect freedom to man and feed the ships with the cheapest men and food schedules, regardless of American rules or customs, or else Government aid must be provided to compensate the difference in cost of operation; otherwise a free-ship policy would be practically useless. To provide Government aid to compensate for difference in cost of operation without providing Government aid to compensate for first cost would be discriminating in favor of the shipowner as against the shipbuilder; and in plan and scope providing operating Government aid would be as complicated and difficult, both from a popular and practical standpoint, as would Government aid both for construction and operation.

It has been repeatedly said during this hearing that if the free-ship policy were adopted Americans might quickly and on a par with foreigners procure merchant ships. I believe we will be going too fast if we take that for granted. In normal times, when the foreign shipbuilder is fairly busy and receiving fair prices from shipowners in his own country, and knowing that American owners can not get a ship built in America unless they pay 30 to 60 per cent more than the foreign builder can afford to build the ship for, I will give the foreign builder credit for being shrewd enough when he is negotiating for an American ship to reach as far into the margin of higher cost as circumstances justify. To illustrate this possible situation we may recall the prices paid for obsolete foreign ships to be used by our Government during the Spanish-American war.

It being obvious that a free-ship policy would inevitably make impossible any extension of shipbuilding industry in this country and would be useless without Government aid in operation and might not attain the object of securing ships at a par in first cost with the foreigner, I suggest most careful consideration and digest of the possibilities before serious thought is given to resorting to the free-ship idea. Free ships, under our present policy, do not constitute a logical solution of this question, because if the country does not contribute to the difference



in the cost of those ships or to the difference in the cost of operating any ships that we may have built, then it must contribute the total cost to the foreigner.

### THREE POSSIBLE METHODS.

The ways and means to solve this question, it seems to me, must be found either in direct subsidies—a construction bounty, an operating bounty or subsidy, differential duties, or export bounties. Gentlemen, I am always in favor of calling a spade a spade and of dealing with things as directly as we can and not beating the devil around the bush to persuade somebody that we are going to ask him for a dollar for some purpose without it costing him a dollar. Whether our shipping shall be built up under direct subsidies, out of a building bounty, out of an operating subsidy, out of differential duties, or out of export bounties, is all the same, so far as the public goes.

The public of the United States must, in any event, contribute enough money to make up the difference of cost and operation, no matter how they do it.

### A CONSTRUCTION BOUNTY.

I am in favor of doing it in the most direct way. The cost of construction should be made up by a direct bounty of so much per ton for the construction of the vessel, a Government commission to ascertain from year to year what is the average difference between building in a foreign yard and building in an American yard. I suggest a yearly adjustment of that question because I anticipate that if we had a demand for ships we should become more and more practiced in the building, and as we became more and more practiced in building we should be able to build ships cheaper. There is no question of that.

The evolution of that proposition would be that I would anticipate that in a term of twenty or twenty-five years we would be able to produce a ship, so far as the labor is concerned, at a very slight increase over the foreigner. And so the charge to the people would gradually grow less.

### AN EXPORT BOUNTY.

As to taking care of the difference in operation the most direct method, and I believe the most equitable method, would be export bounties upon goods exported in American bottoms. Looking at the matter from the standpoint of it being necessary to do it, and probably the easiest method of doing it, so far as the public of the United States is concerned, and the temper of the public mind on this question, I believe that differential duties might be the most popular method. I believe it would be a successful method, but it is open to the probability of retaliation, and the problem involved in that is so complicated that it would require a very great deal of hard thinking to arrive at any sensible conclusion.

The CHAIRMAN. Mr. Downey, if you will pardon me, it is manifest that we shall have to sit for another hour this evening and then have a session to-morrow beginning at 10 o'clock and running until 12. A large number of gentlemen desire to be heard, and if you could bring your remarks to a close it would afford them an opportunity.

Mr. DOWNEY. I will say in closing that, from a very close and conscientious study of the whole shipping question, I am firmly convinced that the people of the United States can afford a merchant marine, can afford to contribute enough money to make up in some way the difference in the cost of building and operating the vessels. It will be a profitable commercial proposition; it will be a most valuable military acquisition, and if we are to maintain our place in the world toward which the affairs of to-day are aiming, we must have a merchant marine.

I did propose to discuss at some length the causes of the differences in the cost of building and operating, but I do not think that will be necessary since the matter has been pretty well dealt with in the past.

Mr. Chairman and gentlemen, I thank you for your courtesy.

Representative HUMPHREY. Mr. Chairman, I ask that Mr. Downey be permitted to furnish to the secretary any facts and figures that he desires to submit in elaboration of his argument.

The CHAIRMAN. It is understood that that privilege is granted without any special order.

#### STATEMENT OF PATRICK F. QUINN.

The CHAIRMAN. We always do more business in the Senate when we are under the five-minute rule than under any other rule. I suggest that we proceed for the remainder of the afternoon under the ten-minute rule. The Chair understands that Mr. Quinn, representing a committee of the Marine Trades' Council of the city of New York and vicinity, desires to be heard.

Mr. Quinn appeared before the Commission.

The CHAIRMAN. Mr. Quinn, you may proceed in your own way.

Mr. QUINN. The Marine Trades' Council of the port of New York and vicinity, representing all of the trades engaged in marine construction, have chosen as a committee the following men to represent the different crafts before your Commission: W. L. Parker, ship and marine blacksmith; F. E. Ruggles, ship joiner; J. M. Ryan, blacksmith's helper; P. F. Quinn, coppersmith; M. J. Downes and David Malloy, boiler makers and iron shipbuilders; and as such committee they, and each of them, for themselves and the trades they represent, desire to submit the following statements respecting the subject-matters of your investigation:

W. L. Parker, a ship and marine blacksmith since 1889, states that respecting a reference to the differences in the rates of wages or cost of labor as between American yards and foreign yards, it is the rule and customary in all foreign yards to pay blacksmiths by piece-work instead of by the day; and the difference in the rates of pay is more than equalized by the fact that an American blacksmith will turn out more than a sufficient additional amount of work in the same period of time than would equalize the differences in the rates of wages.

F. E. Ruggles, a ship joiner of twelve years' experience, states, to his certain knowledge, that while it may appear on the surface in figures that the wage scale of the ship joiners in foreign yards is lower than that paid in this country for the same class of labor, the difference is more than equalized in the purchasing power of the amount of the wages paid in the different countries; and the same condition exists to some extent as between the different ports in the United States, for instance, the cost of living is so much higher in the port of

New York than it is in Newport News, Chester, Pa., and Philadelphia, that, while the rate of wages paid in the port of New York may appear greater in figures, at the same time the increased cost of living more than equalizes the difference paid for the same class of work in southern shipyards.

J. M. Ryan, a blacksmith's helper in marine construction, of sixteen years' experience, states that the same conditions exist in his class of work as with the blacksmiths. For instance, the custom abroad is to pay the blacksmiths' helpers by the piece instead of by the day, and the amount of work turned out in one day in an American shipyard by a blacksmith and a blacksmith's helper will equalize any difference that might appear in the wage scale. As a matter of fact, on the basis of piecework, the foreign blacksmith and blacksmith's helper are paid about the same wages for the amount of work produced as is paid in the American shipyards, where they are paid by the day.

P. F. Quinn, a coppersmith of twenty years' practical experience in marine construction, states, without fear of contradiction, that the difference in wages as claimed between the mechanics in the United States and the foreign mechanics is more than covered by the amount of work turned out, and we find no complaints as regards the rate of wages and conditions as prevailing from the practical masters; but on investigating the workings of many shipyards, and in taking the statistics as regards the class of work, we find that the inspectors' inspection of the work is a detriment to the business, inasmuch as they are not practical mechanics.

We find that it is only on Government work that this is being properly carried out, and it is a complaint which comes from all practical men—foremen in charge—that if it was possible to have practical men, the cost of production would be much cheapened and better results would be obtained. The inspection as regards repair work is not looked into sufficiently to compel thorough repair and sound condition of ships leaving this port, and in many instances vessels are permitted to sail when the piping is in an unsafe and unsound condition, in so much as they are permitted to make temporary repairs, such as clamping, etc., and it is only when an absolute necessity requires it, and the inspectors can not overlook it, that the work is permitted to be done in the port of New York. My experience has proven, and it will appear so to any practical constructor, that one of the principal causes of the decline in the shipbuilding industry in American yards is on account of either an absolute lack of inspection of foreign vessels, or careless inspection by impractical and obliging inspectors, who permit ships leaving our port when they really are not in a seaworthy condition. It is a universal custom in all of the large ports where foreign vessels require extensive repairs that they are permitted to make unsafe temporary repairs sufficient to take them to their home port, when they should have been required, upon proper investigation, to have all the repairs done in our ports before they should have been permitted to sail.

It is a matter of common knowledge in the ship-building industry in the port of New York that from 60 to 70 per cent of all of the profitable work done in the shipyards in this port is repair work, and if our marine law, rules, and regulations would provide a rigid system of inspection of the American and foreign vessels by practical mechanics before such vessels are permitted to leave the port, it would have

the result of increasing the ship-building industry in this port at least 50 per cent. We do not think that any vessel should be permitted to leave a port of this country without having been properly inspected and certified to be in a thoroughly seaworthy condition by a practical inspector.

We earnestly believe that one of the principal detriments to the shipbuilding industry on the Atlantic coast has been the recent manipulation of the shipyards' property by speculators who are not practical constructors and who pretend to know nothing of shipbuilding as a profitable industry. This in itself has done more to bring the industry into bad repute and close the yards to profitable contracts than any other cause. We believe that substantial assistance could be profitably extended by the Government as an inducement to practical investors to promote the shipbuilding industry for carrying American goods under the American flag, due care being taken to eliminate from the benefits of such inducements speculative concerns, if, at the time of making any such provisions, due care and attention be given to the protection of the skilled American mechanic in the shipbuilding trades respecting hours and rates of pay.

WILLIAM L. PARKER,  
FREDK. E. RUGGLES,  
H. A. MALLOY,  
JOHN M. RYAN,  
P. F. QUINN.

#### STATEMENT OF E. PLATT STRATTON.

Mr. STRATTON. Mr. Chairman and gentlemen, a distinguished citizen and shipping merchant of this country some time since was reported by the press to have stated before the Committee on Commerce of the Senate that "the foreign shipping interest has spies in every branch of the Government where ships are needed, and when one is required they are notified first and get the business."

Reference is made to this circumstance as showing how important and valuable information alone is to our opponents in trade, and the operation of the telegraphic cable system has largely augmented the possibilities of advance information relating to all matters maritime. The gentleman referred to could doubtless have gone further and given many details of how every interest connected directly or indirectly with the commercial trade of this country is watched and worked by foreign commercial agents and quickly but astutely manipulated for all or any portion of a profit, however small the pecuniary gain may be.

Many are the methods resorted to to restrict or harass American commercial interests and at the same time husband whatever is possible in the interests of European shipping; strongly allied with which, and of intimate kindred relation, is foreign marine insurance, which indirectly, yet to a very great extent, dominates every commercial undertaking, for it is to be particularly borne in mind that without a reliably organized and amply capitalized system of national marine insurance the people of this nation can not carry on the commerce or trade of the seas successfully under our flag, which is fully demonstrated in the histories of the insurance exchanges and ship classification societies of Europe, and particularly of England.

The destruction of our merchant marine as consummated between

1861 and 1865, the changes in ship construction from side wheels to propellers, and the substitution of iron and steel as a shipbuilding material for wood assisted in the transfer of the American carrying trade to foreign flags.

#### DISCRIMINATING AGAINST AMERICA.

This also caused at that time an immediate and more or less forced withdrawal from business of American marine insurance companies, largely due to the Americanized European competition in the form of an influx of agents of foreign insurance companies which immediately to a greater or less extent absorbed the business previously done by the retiring American companies. This retirement was greatly hastened by the statutes passed by many of the States allowing European companies to do business in any of such States upon the investment with the insurance department of such States of \$200,000 of such companies' securities, thus permitting such foreign corporations to do business, however great its magnitude, upon our soil, free from the taxation of their capital or assets, while American companies have been and are now compelled to pay taxes on their entire capital and surplus, if any. It therefore needs no argument to demonstrate to this Commission that under such State enactments foreign insurance corporations doing business in this country have the few remaining American companies at a great disadvantage, which is due to State rather than national enactments.

With this admission of foreign insurance interest, there has also been an attempt to foist upon American shipping interests, gradually, but also persistently, the foreign-ship classification; and these classification societies have representatives whose business duties are to search out the acts and policy of every shipping or shipbuilding enterprise of this country, and to make its commercial purposes and objects known without delay to the insurance exchanges of Europe, and more particularly to London. Ship classification societies, like marine insurance, extend further back than the last century and every prominent maritime nation has its classification and register of shipping.

History is replete with the arbitrary power and disadvantage practiced under several British registers which have been reorganized under one, in 1834, by a committee of underwriters and shipowners, "to establish a new society for the purpose of obtaining a faithful and accurate classification of the mercantile marine of the United Kingdom and of foreign vessels trading thereto," a purpose which was highly commendable and to which no exception could be taken. But Britain is a small country compared with the United States and the ever-increasing prospect of its commercial importance, was and is too much and too tempting for our European brothers to resist by being limited to the classification of the "British mercantile marine and foreign vessels trading thereto."

#### ENFORCING BRITISH RULES.

They therefore three years since sent out a committee and attempted the absorption of American classification interests and are now attempting through their representatives to enforce British rules to control

the amalgamation of American ores and the tensile strength of shipbuilding material formulated in compliance with the best interest of England's ores and her ironmasters to the detriment of American producers of shipbuilding material. They also have so far forgotten the laws of United States Inspection Service as to excessively test to pressures approaching the yield point of boiler material, interfere and actually reset the safety valves of any American steam vessels that have been induced to take their class for the stimulation of insurance with foreign companies, there being at the present time an insufficient number of American companies to cover insurance on the large types and fleets of American vessels. This condition necessitates the placing of much marine insurance with foreign companies through agents and by direct cable communication, no policy being issued here, but the simple assurance of the agent is given that the risk is covered, the policy being left abroad and is accepted, and that loss, if any, will be paid on honor if not by law. There are a number of reputable insurance agents who make more or less of a specialty of this particular kind of business, known as underground insurance.

#### EVADING THE LAW.

The method resorted to, to avoid liability under State statutes, is to phone or wire the risk to a correspondent in some adjoining State in which there is no statute prohibiting it, he in turn cabling it abroad. In this way criminal liability is avoided in the State where the transaction originates. Foreign interests only are so subserved to the pecuniary detriment of American.

The report of the Commissioner of Navigation for 1890 relates many facts of discrimination against American shipping by foreign shipclassification societies and foreign insurance exchanges, one of which reads as follows:

"The Society of Lloyds and the members thereof are the volunteer protectors of the British marine. Leading shipbuilders, managing shipowners, millionaire merchants, and rich underwriters compose the society and association. Many members of Parliament are chosen from the classes composing the Lloyds; and there are always several members of Parliament on the committees which rule the proceedings. The Lloyds have a policy in all they do. Nothing is undertaken that would be calculated to give foreign ships full equality with British. Leniency toward their own and severity toward foreign ships has ever been their motto. Their weapons are partiality and discrimination. Their rule is by associated action. Their power, derived from the amplitude of their transactions, knows no limit in the shape of commercial inducement."

#### MUST BE AMERICAN INSURANCE.

The facts and conditions herein referred to will be of little value without a suggestion of a remedy which can be best reached by the National Government sanctioning, under national superintendence, mutual marine and individual liability marine insurance companies within and under the Department of Commerce, all capital so employed to be free from taxation, both National and State. Such a system would place the Government in the same relation to marine insurance that it

now occupies to the national banking system. Such a course would quickly overcome the present disadvantages under which Americans labor, and the advantages given and enjoyed by the foreigner under the legislation of the different States insure to Americans control of their own trade, and under better conditions, and so facilitate the financial management and control of the very matters which the foreigner now gets his foothold through, to the lasting detriment of all American trade, commerce and interest. This course would also seem germane to the requirements of the Constitution, which gives Congress alone the right to legislate on all matters relating to commerce.

Senator MALLORY. What is your occupation, Mr. Stratton?

Mr. STRATTON. I am chief engineer and surveyor for the American Bureau of Shipping, which is to American shipping what Lloyds is to British shipping.

Senator MALLORY. You assert, as I gather from your remarks, that, as a rule, the British insurance companies are not fair in their classification of American ships?

Mr. STRATTON. Yes, sir.

Senator MALLORY. That is a fact, you say?

Mr. STRATTON. I believe it to be a fact, and I understand it to be a fact. The facts justify the statement I have made on that subject.

Senator MALLORY. I notice your remedy is that Congress shall take the matter in hand and authorize the incorporation of marine insurance companies, exempting them from taxation?

Mr. STRATTON. Yes, sir.

Senator MALLORY. Exempting them from what taxation?

Mr. STRATTON. From all taxation of capital and surplus.

Senator MALLORY. State taxation?

Mr. STRATTON. Yes, sir.

Senator MALLORY. You think that is a matter of very great importance?

Mr. STRATTON. The matter of marine insurance bears the same relation—

Senator MALLORY. I am speaking now of the matter of exemption from taxation. I understand that the matter of marine insurance is one of very great importance, but is it of very great importance that those societies should be exempted from taxation? Can they not exist without such exemption? In other words, Congress is very slow to discriminate in favor of one person or class of persons or corporations in the matter of taxation.

Mr. STRATTON. I have cited instances where companies had to go out of existence under State laws. State laws allow foreign companies to come here and do business on a deposit of \$200,000 of securities, and that is all they are subjected to taxation for, whilst they maintain their capital in other countries free from taxation. They get the business here and pay no tribute.

Senator MALLORY. Can you give an instance of unjust discrimination in the matter of classification by a British insurance company?

Mr. STRATTON. In my paper I refer particularly to instances related by the Commissioner of Navigation.

Senator MALLORY. That is all general.

Mr. STRATTON. The Commissioner of Navigation in his report refers to a great number of instances.

Senator MALLORY. But no specific instance is mentioned.

Mr. STRATTON. No, sir.

Senator MALLORY. I have heard the complaint made very often, and I know if it is true it is a very important matter in the event that we shall ever have a merchant marine. But I should like to have some more positive proof of it than mere generalization. I thought, perhaps, you might be able to give me an instance.

Mr. STRATTON. At the moment I am not able to cite an instance.

#### STATEMENT OF JOHN FRANKLIN CROWELL.

The CHAIRMAN. Mr. Crowell, will you please state your occupation?

Mr. CROWELL. I am internal commerce expert of the Bureau of Statistics, Department of Commerce and Labor, and also lecturer on international trade at Columbian University, Washington, D. C.

The CHAIRMAN. Are you familiar with the scope of this inquiry?

Mr. CROWELL. Yes, sir.

The CHAIRMAN. We shall be pleased to hear from you.

Mr. CROWELL. I wish to call attention to the general conditions which apply to ocean commerce at the present time, and in the first place to the rapid increase of tonnage. The increase during the last three years has been from one-half to two million and three-quarters registered tons per annum.

In the same time and for a longer period likewise ocean rates have been decreasing rapidly, and have in a number of cases reached points which are below the usual level of returns on investments in shipping. With these conditions at hand, together with the fact that nearly all, or practically all, of the trade routes are preempted by vessel lines sailing under flags of other nations, it has seemed to me that the question of the advisability of any attempt to increase the tonnage as a part of the policy of the American Government was well worth considering.

#### PLANS OBJECTED TO.

The plans proposed here are such as would naturally increase the tonnage. The first policy is that of subsidies. The great difficulty with that is that while it would increase the tonnage we are never quite sure that the encouragement would go to the spot and bring about the result which is desired. In other words, it has never in all the experience of maritime nations turned out satisfactorily.

In the second place, the policy which is advocated under the form of discriminative duties has in it the possibilities of injuring commerce more than helping it. It would increase our tonnage, no doubt, but at the same time it would reduce the rates and make the contest for ocean routes all the more severe, and if the Government proposed to follow up the contest and stand by its own merchant marine loyally, as it would, until it grew into greatness, we do not know how long the struggle would last or what the entailment upon the Treasury would be.

These two considerations, in my mind, lead to the question whether we as a nation are prepared, under existing conditions of supply of steel, to build a merchant marine with our own equipment as shipbuilders and man it with our own equipment as Americans.

If there is one conclusion which is inevitable and certain, if there is one demonstration on which no more light is needed, it is that the American shipbuilder can not build ships which can be run profitably



on the ocean under existing laws. He has shown that clearly this afternoon; and if that be true, there are only two ways open for any development of a maritime policy. One is to make up the difference, and the other is to go into the world's markets and buy such ships as we want to carry our products to and our purchases from the nations of the world. We either must have free ships, or we must make up the difference between what our own shipbuilders regard as the necessary cost and what ships may be bought for in foreign countries and operated under foreign flags.

#### ONLY BEGINNERS.

The difficulty in the one case—that of making up the difference—is that we are, with all possible respect to what has been done by shipbuilders in America, experimenting as yet. We are beginners in the business of building ships that can be profitably operated in the ocean trade. Hence construction is excessively expensive. We are beginners in the business of running ships. We do not know the business as Germany knows it and as England knows it.

It would seem to me to be a much more practicable way to regard the business of opening ocean lines as a mere extension of our railway lines and to provide that such ships should be admitted free as were necessary to gain command of the leading trade lines between our own commercial bases and those of the world's markets. It may be necessary to do that for a period of ten or fifteen years. Meanwhile we shall learn how to man and operate our ships, and we shall learn how to build ships at reduced cost, because we are in a position, as a steel-manufacturing nation, to do it. But if we take the other plan no one can give us any assurance that there will be a merchant marine at the end of fifteen years.

#### FREE SHIPS FOR A TIME.

If those who have freight accumulated—the transportation interest and the shipping interest—can go into the world's markets and buy ships to do their work and carry their goods to markets, new or old, then the work will be done.

Now, much has been said about the necessity of extending the advantages of protection to ships on the ocean. Protection is a domestic measure, not a foreign measure, and shipping on the ocean must compete just as grain must compete in the world's markets. Exactly so must shipping be looked at. We could never expect to give it any sort of protection which would guarantee its growth, and in many cases the more protection that has been given to shipping, as in the case of France, the more liberal attempts have always resulted in a disappointment, and eventually in the repeal of the measure which was intended to develop the merchant marine. I submit to you, therefore, that the policy of free ships for a limited period is one which has on its side a very large degree of reasonable consideration as a national policy.

#### FREIGHT CARRIERS AND MAIL SHIPS.

The question of developing fast mail ships is an entirely different one. If we divide the question of developing a merchant marine into two divisions, one the development of freight-carrying lines and the other the development of rapid mail ships, with the end in view of

using them as transports in time of war, we shall accomplish the commercial purpose in the one case, and we shall accomplish the other purpose by some system of subvention to which it particularly applies. It seems to me it is worth while considering whether it is not best to divide the question in two and keep each part by itself. If so, it seems to me that the commercial interests of the United States are prepared to take hold of the question on such a basis as will give them free access to the instruments of commerce on such terms as will enable them to earn a return on their investment and leave the question of direct subsidy for freight lines entirely out of account.

I do not attach much importance to the difficulty of operating ships at a cost which will enable them to pay returns. The labor market of the world is wide, and I see no reason why we should have aliens in our public service, aliens in our municipal enterprises, aliens everywhere working, and forbid aliens going into the crew of a ship. Let us have American officers—every one of them—so that those foreigners who are in the crew may aspire to rise to such position; but there is no ground really for the assumption that it is a dangerous policy to man an American ship under the American flag with foreign labor. Nearly all of it is foreign anyhow, and it has been introduced to our national life and it has become part of it; and such will gradually be the outcome of very much of the employment that is given to sailors on American vessels even though they may be aliens at the time.

#### THE COST OF OPERATION.

Representative MINOR. Do you advocate the purchase of ships abroad free for a limited time?

Mr. CROWELL. Yes; wherever you can get them.

Representative MINOR. What are we to do with them?

Mr. CROWELL. Sail them.

Representative MINOR. It is the consensus of opinion, and it is the testimony, that it costs from 33 to 50 per cent more to operate under the American flag than under a foreign flag. You must buy your ship abroad and keep her under a foreign flag and engage in the foreign trade and have the advantages of the reduced wages which they have.

Mr. CROWELL. I claim that American experience under existing laws has not been ample enough to demonstrate that. The cases which have been cited here have been exceptional and not comprehensive enough to prove the case.

Representative MINOR. What more do you want than that all the vessel owners in New York, so far as we have heard from them, agree upon that proposition? Where can you get any better authority?

Mr. CROWELL. I think there would be no difficulty if you had the ships you wanted to carry your goods.

Representative MINOR. What I want to get out of you is, what is the advantage of purchasing a foreign ship and putting her under our flag, when she can be operated under the foreign flag in the same trade at less cost?

Mr. CROWELL. You would learn the business. We have not any ships to do anything with now.

Representative MINOR. And keep it under the foreign flag?

Mr. CROWELL. That is not necessary.

Representative MINOR. Do not close up our shipyards and throw labor out of employment, when you have not gained anything by it.

Mr. CROWELL. My position is that the shipyards have not been able to furnish us with ships which can be run with any profitable return.

#### BUILDING ON A SMALL SCALE.

The CHAIRMAN. Do you mean by that observation to say that our American mechanics are not equal to building as good vessels as the Englishmen?

Mr. CROWELL. No. They are capable, but our shipbuilding has always been done on a very small scale.

The CHAIRMAN. On a scale equal to the demand?

Mr. CROWELL. It is a very small scale. The shipbuilders say over and over again that if they had a large number of vessels to build they could build them at much lower rates.

The CHAIRMAN. When I asked Admiral Bowles what would become of American labor if we had free ships he said it was too horrible to talk about, and yet you advocate it.

Mr. CROWELL. That is a prediction. I do not think it would wipe our shipyards out of existence, because we have a very large coastwise and lake tonnage, and a great deal of repairing to do. There is no proof that it would wipe them out.

Representative MINOR. The question is, if it is a good plan to buy foreign ships for the foreign trade, why not put them into the coastwise business?

Mr. CROWELL. We have the ships there.

Representative MINOR. We can put them in cheaper if we can buy them elsewhere.

Mr. CROWELL. We have developed our coastwise tonnage.

Representative MINOR. Not by purchasing foreign ships.

The CHAIRMAN. We have developed our coastwise trade by giving them one form of subsidy—exclusive control.

Mr. CROWELL. Our laws do not extend beyond the three-mile limit, and you can not control it. We have that alternative before us. I am not advocating one or the other. The experience of the past has proven that experimentation by subsidy is wasteful, and discriminating duties would destroy trade. The other policy is entitled to experiment, and if a limited purchase of foreign ships were resorted to, in my mind we would make a start at any rate, and making a start would create a demand for ships, and the shipbuilder would gradually reach a point where he could build at a cost at which he could compete with foreigners. They build on the Clyde with steel that costs them less at the present time, but at times we make steel that costs less than the British steel.

Senator MALLORY. I understood you to say that the direct subsidy which France gives to her merchant marine has resulted in no benefit to the merchant marine of France. Am I right?

Mr. CROWELL. So far as the sailing ship is concerned, it has increased the number to some extent, but France has got very little good out of it.

Senator MALLORY. Do you remember how long it has been in operation?

Mr. CROWELL. No, I am not prepared to give the dates. I know at times within the last few years French competition has cut the ocean rate on grain from the Pacific coast down to half what it was two or three years ago.

## DO AMERICANS KNOW HOW?

Senator LODGE. I should like to know what you mean by saying we do not know how to build or run ships.

Mr. CROWELL. I beg pardon?

Senator LODGE. You said we did not know how to build or operate ships.

Mr. CROWELL. I mean we have never succeeded in building up an ocean merchant marine.

Senator LODGE. Is that because the ships were not well built?

Mr. CROWELL. No, sir.

Senator LODGE. Do we not build as fine a type as other nations do?

Mr. CROWELL. We build a type of ship, but a type of ship is not a merchant marine. We have built battle ships, and we have built coastwise ships, and ships for the Great Lakes. I do not mean to be disrespectful at all or to discredit—

Senator LODGE. What is the matter with the four American liners?

Mr. CROWELL. They are all right, but they are exceptions.

Senator LODGE. We built them.

Mr. CROWELL. That is very true.

Senator LODGE. I am speaking now about your statement that we do not know how to build a ship.

Mr. CROWELL. We do not know how to build a ship—and this is a part of the statement—at such a cost as will enable anyone to run it profitably on the ocean in competition with foreigners.

Senator LODGE. The cost at which you build a vessel is not a question of knowledge.

Mr. CROWELL. It is a question of knowledge to this extent.

Senator LODGE. How about yachts—racing yachts?

Mr. CROWELL. I understand, but that is a local matter, a domestic matter. Those are exceptions.

Senator LODGE. I thought we had had some international races?

Mr. CROWELL. That is very true, but a yacht is not a merchant marine.

Senator LODGE. You say we do not know how to run ships?

Mr. CROWELL. We have not succeeded in running ships profitably.

Senator LODGE. Your proposition is that because our costs are so much higher, we do not know how to build and sail ships. The two things have no relation whatever to each other.

Mr. CROWELL. Our costs are high, and they are exceptionally high. I dare say we have not succeeded in building ships because we have not had enough of them to build.

## WHY NOT NOW?

Senator MARTIN. If a man living in New York chose to do so, could he not go to England and buy a ship and put her under the English flag and operate her?

Mr. CROWELL. Yes, sir; certainly.

Senator MARTIN. If he does not choose to do it when that privilege

is open to him, why do you think he would do it if the ship was entitled to American register, which would simply increase the cost of running it?

Mr. CROWELL. Simply because I think he wants the protection of the American flag and would rather have his ship under the American flag, if he is an American.

Senator MARTIN. A man is not in any serious danger when he is under British protection.

Mr. CROWELL. I may have used language which is open to criticism.

Senator MARTIN. I did not mean to make any criticism. I want the information. I do not know why it is, when a citizen of New York can go to England and buy a ship where the price is low and can operate it under the English flag, under which flag the cost of operation is less than under our flag, that he does not do business under the English flag. He does not seem to be doing it.

Mr. CROWELL. Some of them are.

Senator MALLORY. A good many of them are doing it.

Senator MARTIN. I did not know there was any considerable number of Americans engaged in ocean traffic under the English flag. I doubt it.

Senator MALLORY. A good many vessels owned by American corporations and sailing under the English flag go out of my port.

Senator MARTIN. That practice may exist.

Mr. CROWELL. If I may occupy a little more time, Senator, I should like to say—

Senator MARTIN. If you will excuse me, since I made the inquiry I have learned that there are a great many ships really owned by American citizens which are operated under the English flag. I did not know it.

Mr. CROWELL. I understand that in the report of the Commissioner of Navigation you will find 64 vessels of 336,195 tons at least mentioned as being owned by American citizens and operated under foreign flags in 1900. They may not all be under the British flag.<sup>a</sup>

The point is simply this. While we have reached a stage where we have manufactured ships for our own use in the coastwise commerce, in lake and river commerce, and on ocean coasts, yet if we want a merchant marine we shall either have to pay the present cost of making it in our own yards and the increased cost of operating it, or we have the alternative of affording the purchasers of foreign ships the liberty of operating and sailing them under the American flag, with a view of building up, making a start in a merchant marine, and after that limited period make ample provision for the transition to the time when, understanding the conditions of maritime trade more thoroughly, we shall be able to do for ourselves what we are not able to do now. If that proposition is reasonable, I am content to leave it to your consideration.

This is practically all I have to say. I wish to leave with you a paper so that my statements may come to you in such form that they will be given consideration.

In concluding, let me say again that if I was unfortunate enough to imply any slight or say anything that was undeserved toward our builders of ships, it was from the standpoint of economic difficulty

<sup>a</sup> Report of 1900, pp. 171-172.

and impossibility of accomplishing what we have been trying to accomplish during the last twenty-five or thirty years.

The paper referred to by Mr. Crowell is as follows:

The general situation in ocean shipping is one of increasing tonnage, decreasing freight rates, with tendencies to consolidation, to the increased use of rail differentials to favor exporters, and to the pre-occupation of all the leading ocean routes by shipping lines operating under foreign flags.

There is no difficulty in establishing the fact of rapidly increasing shipping capacity in the world's maritime business. Within ten years the world's tonnage has increased 50 per cent.

*World's merchant marine, 1895 and 1900-1903.*

Years.	Steam.	Sail.	Total.
	<i>Gross tons.</i>	<i>Net tons.</i>	<i>Tons.</i>
1895.....	16,887,971	8,219,661	25,107,632
1900.....	22,369,358	6,674,370	29,043,728
1901.....	24,008,883	6,591,627	30,600,510
1902.....	25,859,987	6,577,776	32,437,763
1903.....	27,183,365	6,459,766	33,643,131

From these figures it will be seen that during the last four years the total tonnage has increased at the rate of about one-and-a-half million tons per annum. The London Statist puts the output for 1903 at 2,800,000 tons. Sailing tonnage since 1895 decreased over one-fifth, or 21 per cent, while steam tonnage increased 60 per cent. Beginning with 1900, sailing tonnage has not only not increased in the four years intervening, but has perceptibly decreased. At best, under existing conditions, sailing tonnage is to be regarded as a stationary factor, and steam tonnage increases at the rate of 1,500,000 to more than 2,000,000 tons per annum. During each of the years 1900, 1901, and 1902 over 2,000,000 tons of steam shipping were added annually to the world's tonnage, as reported by Lloyds.

A second feature of the maritime situation is the preemption of all the leading ocean routes by strong shipping companies of other than American nationality. This has added to the intensity of competition until agreements between competing lines have put limits to rivalry.

Ocean freight rates have been lowered wherever competition has been active, but wherever combination has been practicable rates have been maintained. Competition has been most active in carrying our grain to Europe. During the last three years the rate from Boston to Liverpool on grain has averaged between a maximum of 4 cents and a minimum of  $1\frac{3}{4}$  cents per bushel, the ruling rate being 3 cents. In 1900 this rate averaged  $5\frac{1}{4}$  cents for the entire year. In 1902 and in 1903 the average rate was almost exactly half that of 1900, or  $1\frac{3}{8}$  cents per bushel.

The above statement applies to steam tonnage, but on sailing tonnage the tendency is similar if not more acute in its effects. On the Pacific coast sailing freights have been cut in two within the last two years. In 1901 the average rate per ton of grain, San Francisco to the United Kingdom, was 38s. 9d., but for 1903 it was 17s. 3d. In fact, the lowest rate in 1903 was less than one-third of the lowest rate of 1901. The French subsidy largely accounts for this reduction in rates.

On cotton, from New Orleans to Europe, rates have fallen, but not so rapidly in recent years. In 1898 the freight to Liverpool was 40 cents, and 35 cents per 100 pounds in 1903—a reduction of 12½ per cent. To Hamburg the rate fell from 50 cents to 33 cents, or 24 per cent, in six years.

Through freight rates are made up of railway rates plus ocean rates, and enter largely into ocean competition. Germany and Great Britain compete on the ocean for African and Levantine trade. But the German railways give a much lower railway rate than the British roads do, from the works to the seaboard.

Government being the owner of railroads in Germany reduces the rate on manufactured exports to a point far below that on the same or similar articles for equal distances in Great Britain.

The following diagram, though applying only to wheat freights from different ports of the world to Great Britain or the Continent, still serves to illustrate the general course of ocean freights since 1882—a period of twenty years.

#### THE PROBLEM OF GETTING AND MAINTAINING OCEAN-FREIGHT LINES.

All that has been said thus far is presented to show what the economic conditions are which any maritime policy will have to face. Summed up in a few words, it amounts to this, that the rapid increase in supply of tonnage and the relative decrease in demand, as shown by decline of ocean freights, lead to the inevitable conclusion that there is already an adequate supply, if not an oversupply, of tonnage to do the world's carrying trade.<sup>a</sup> What we want first is to get and keep our share of the ocean-freight shipping under our flag. This is first, last, and always a commercial problem. The problem of getting fast-mail lines and auxiliary cruisers is an entirely different one and requires a somewhat different solution.

There are three distinct policies proposed—(1) The paying of governmental subsidies; (2) discriminating duties in favor of American bottoms; (3) free admission of freight ships to American registry—for the purpose of establishing regular lines between the leading commercial bases in the United States and the distributive centers of the world market. The promotion by governmental grant of a smaller number of intercontinental postal routes of fast mail and passenger ships to meet the requirement of naval auxiliaries.

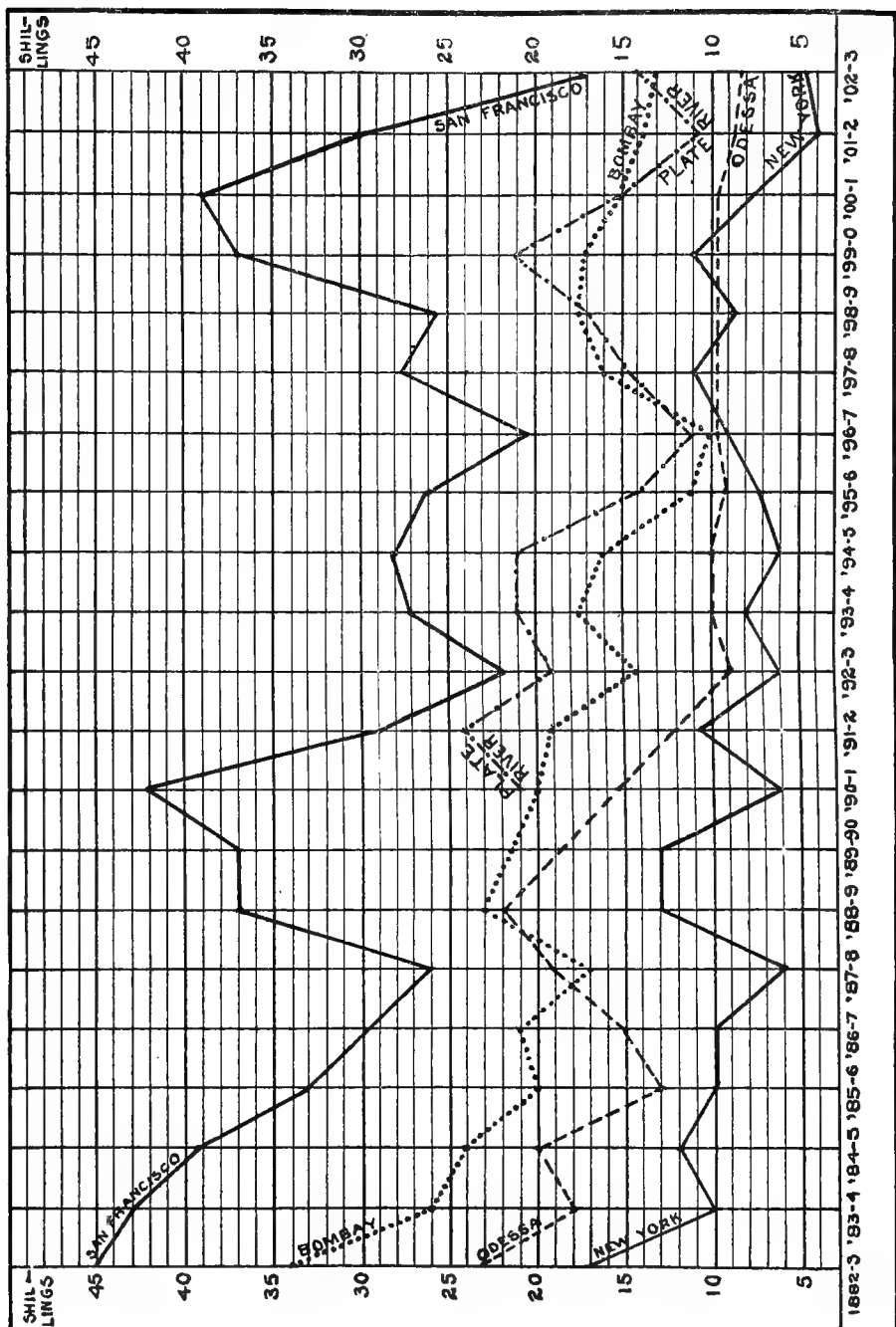
In short, the problem to be solved has to be cut in two. The first is a problem of commercial development, while the second is primarily a problem of national defense. The two can not be solved successfully by any blanket solution yet proposed.

#### 1. THE SUBSIDY POLICY.

On this policy modern commercial nations have had the largest experience, and no one can say that the system as practiced by any single nation has proven satisfactory. It has been tried and found wanting. We should be going right in the face of light if we adopted this plan of restoring our merchant marine.

<sup>a</sup>In 1901 out of 89 leading steamship lines 33 lines, or 37 per cent, paid no dividends. (Report Commissioner of Navigation, 1902, pp. 78-80.)

[From Broomhall's Corn Trade Yearbook, Liverpool.]





The objection to this policy is (a) that it exposes itself to the risk of favoritism, (b) that no system of application has yet been found by which the scheme can be equitably administered, and (c) it has failed in most cases to produce the desired result, because it undermines independent enterprise by its very dependence upon the public treasury. Subsidized shipping is always wanting more help. You have to pay to all the cost of the least efficient. Subventions have succeeded as a rule only when they were incidental rather than essential features of a policy for developing a national merchant marine. In the case of Germany, it is the economic necessity for foreign markets, not subventions, that keeps her shipping afloat. With them it is a life struggle.

## 2. DISCRIMINATING DUTIES.

Historically, this is the oldest of international shipping policies. It had its rise and progress during periods when commerce was conceived to be the adjunct of war. Under modern ideas, and according to the modern theories of national life and development, international commerce is regarded as being mutually advantageous. Good will is a far more important asset of national well-being and international prosperity than in the time when Cromwell swept the Dutch from the seas. A return to direct discriminatory duties would be reactionary. Their history will show that it did not pay, because they were wasteful as a feature of economic policy. As a policy it has either the defects of provoking retaliation, and thus defeating its purpose, or of not being adequate for the purpose. If such duties were made to apply to all imports arriving in non-American vessels, American shipping would be relieved of a tax in one place to have another imposed upon it elsewhere, assuming that retaliatory measure would follow such a duty on foreign vessels.

Furthermore, there is no evidence that, under existing conditions, a discriminatory duty of 10 per cent, for example, would result in restoring our merchant fleets to the seas. A merchant marine is a competitive machine, and why should English and German lines not combine to crush out competition? We have trade treaties the renunciation of which would inevitably follow the imposition of a discriminatory duty. We should thus unsettle our commercial relations with every leading nation, and subject ourselves to a process of commercial isolation such as France is suffering from to-day. There is possibly no more unfavorable tendency in international trade than that one by which tariff schedules are substituted for permanent treaties. It acts on international trade similarly to the way uncertain freight rates act on domestic commerce—the trade does not know where it is to come out.

The indirect discriminatory plan would have the effect of transferring capital from British, German, and French to neutral tonnage—that is, to the tonnage of neutral nations, provided the navigation and registration laws of these nations did not prevent it. The probability is that strong nations like Great Britain and Germany would make treaties opening to investment the merchant marine of other nations without shipping.

Whoever relies on business with no-ship nations to build up an American merchant marine does not realize how quickly surplus capital and managing ability can be mobilized wherever and whenever an opportunity for unusual profit presents itself.

## FREE FREIGHT SHIPS AND FAST MAIL LINES.

This policy recognizes these two problems as standing on different grounds of national necessity.

Free freight ships means that the base lines in maritime trade should be equipped with the best class of freighters, with passenger and mail facilities as secondary considerations. Vessels of the type of the *Saxonia* on the Cunard line now running between Boston and Liverpool serve to illustrate what is meant. It favors transportation and shipping interests buying such vessels in the open market to begin with, until we get our maritime base lines established.

There are ten great seaports in the United States, each one of which should have direct connection with the primary commercial ports of Europe, Africa, Asia, and Australasia.

This policy would apply only to vessels of such a type as are suitable for largest net earning power as freighters, with secondary consideration for passenger service and mail facilities. The postal feature should be considered by itself, and the question of auxiliary cruisers be made a problem wholly on its own merits. But if we want ocean carrying capacity for putting our great seaports into direct connection with the leading distributing markets of the world, give the great railway systems, whose commercial bases are on the Atlantic, on the Gulf, and on the Pacific seaboards, the freedom to buy ships, to carry their accumulated freight, wherever they are for sale and whenever they need them, giving these ships the legal protection of the American flag. Later, when we know how to keep the seas, how to build ships at a more nearly equal cost, we may draw the lines tighter and require gradually that the ships we admit to registry shall be of our own make.

## NO AMERICAN LABOR.

The objection to this policy is that if it should result in creating a national merchant marine it would be accomplished without employing American labor and materials in its construction. It does not follow at all that American shipbuilding would be injured by this initial expedient. The remedy seems heroic, but a national merchant marine has to compete in the world market at a rate of returns much below that of domestic investment. You can not directly bring it under the protection which domestic industry and commerce enjoy; neither should you force it to be handicapped at the start by being capitalized on an unduly high basis of costs, either in construction or operation. Germany recognized this necessity in the beginning of the development of her merchant marine, thus getting command of trade routes at once, and soon creating a demand for more ships which were practically all made in her own yards.

If the problem of providing maritime tonnage is not to be solved without public encouragement, there is another line of procedure by which semi-public enterprises have been placed on a self-sustaining basis. The policy of guaranteeing interest on the entire cost, or a large percentage of the cost of construction might be resorted to, to encourage ship-owning and operation, much as the Canadian Government has done for the construction of its transcontinental railways. Eleven German steamship lines, with nearly 500 vessels in 1902, had a

total capitalization of \$82,000,000 in round numbers, including both stock and bonds. Four per cent interest on this would be \$3,280,000 per annum, and 5 per cent, \$4,100,000. If this were guaranteed for twenty years the total outlay would be—say \$100,000,000. This would go far toward covering the risk of inaugurating a merchant marine under our flag; and the risk of inaugurating a merchant marine is the crux of the whole problem. The advantage over the subsidy plan or the discriminating-duty plan would be its avoidance of complicated relations with builders and owners in one case and of avoiding trade wars in the other. Of course proper safeguards would have to be provided to insure against ill-advised construction, as well as of indifferent operation.

### STATEMENT OF J. LINNAMANN.

J. Linnamann appeared before the Commission.

The CHAIRMAN. Are you a sailor; and if so, how long have you been a sailor?

Mr. LINNAMANN. For the last thirty-two years.

The CHAIRMAN. Have you sailed on American ships exclusively?

Mr. LINNAMANN. I have sailed on Norwegian, Swedish, and German as well as American ships.

The CHAIRMAN. Are you now a seaman?

Mr. LINNAMANN. Yes, sir.

The CHAIRMAN. On what vessel are you?

Mr. LINNAMANN. I am going on a vessel to-morrow morning.

The CHAIRMAN. Tell the Commission in a very few words what you know about the conditions as to the comfort, wages, and treatment of sailors on ships of the various nationalities.

### AMERICAN SHIPS THE BEST.

Mr. LINNAMANN. American ships are better than the English, German, and Norwegian, and also in food and treatment and the fore-castle. Our American sailors, when they go aboard in the morning, want their beefsteak for breakfast and their hot rolls in the morning for breakfast, and I approve that. Take an English vessel—they get their boot-leg coffee and Liverpool biscuit. The Germans take in the morning a little schnapps for breakfast and a cup of black coffee and rye bread with it. That is their breakfast.

Furthermore, sir, as to their treatment in the fore-castle, every one has his own apartment—the starboard watch as well as the port watch. They keep separate from one another.

Senator MALLORY. On what ships?

Mr. LINNAMANN. The American ships.

Representative MINOR. How about the others?

Mr. LINNAMANN. They have the fore-castle hid under the chains and anchors, etc., and all in one.

Representative MINOR. How about the wages on board American ships as compared with foreign ships?

## AMERICAN WAGES HIGHEST.

Mr. LINNAMANN. The American wages are many per cent higher than the Norwegian or the German even. We are paying our crew \$30 per month where they pay only \$15 or \$16 per month.

The CHAIRMAN. Were you born in this country?

Mr. LINNAMANN. Yes, sir; right here in New York.

Senator PENROSE. What are you on a vessel?

Mr. LINNAMANN. A steward.

The CHAIRMAN. A gentleman testified yesterday that the conditions on Norwegian ships, so far as comfort is concerned, were equal to those on an American ship.

Mr. LINNAMANN. The Norwegians have one point. They are a little higher on. They get coffee in the afternoon at 3 o'clock. They have a half hour to smoke. That is the only benefit they have. As far as the food is concerned, it is equal to the German or English.

The CHAIRMAN. But inferior to that on the American vessel?

Mr. LINNAMANN. Yes, sir.

Senator MALLORY. How many meals are served on board a Norwegian vessel?

Mr. LINNAMANN. Three meals a day, and in the afternoon the coffee.

Representative MINOR. All things considered, which ship would you rather sail on, an American or a foreign ship?

Mr. LINNAMANN. An American ship every time. There is better treatment, etc.

Representative MINOR. How about the wages?

Mr. LINNAMANN. The wages are always higher—many per cent higher.

## A SMALL ADVANCE DESIRABLE.

There is one thing, Mr. Chairman. The seaman ought to have about \$5, on the coast, not offshore, when he leaves the port. One half of the poor fellows have not the means to buy tobacco or beds. They have to go aboard the vessel as they stand. They have not a bed to lay on or a pipe of tobacco to smoke, and I consider that they ought to have \$5 to get necessary things on the coast, not in deep-water ships.

Senator MALLORY. They used to have that?

Mr. LINNAMANN. Yes, sir.

Senator MALLORY. You think it was a mistake to take it away?

Mr. LINNAMANN. Yes, sir; a great mistake.

Senator MALLORY. I think so, too.

Mr. LINNAMANN. Here is a man going aboard in the cold, in the winter time, when there is snow or ice. He has no mittens, no boots, no bed to lie on. As a consequence he has to lie on a board. There they lie, right on a bare board.

Senator MALLORY. What is the tonnage of the vessel you are going on?

Mr. LINNAMANN. Three hundred and sixty tons.

Senator MALLORY. A schooner?

Mr. LINNAMANN. Yes, sir.

Senator MALLORY. How many men have you aboard?

Mr. LINNAMANN. Four—eight all told.

Senator MALLORY. Have you a donkey engine?

Mr. LINNAMANN. Yes, sir.

FORECASTLE SPACE ADEQUATE.

Representative MINOR. How about the space allotted for each seaman? Do you think it is sufficient?

Mr. LINNAMANN. It is plenty of room for any man. They play cards and have lots of room to walk about.

Senator MALLORY. Is it a deck house in which you live?

Mr. LINNAMANN. Yes, sir; right on deck.

Representative MINOR. What could Congress do to make sea life more desirable than it is now for our American sailors?

Mr. LINNAMANN. I do not think they could do any more than they have done.

Representative MINOR. Congress could not do any more than it has done?

Mr. LINNAMANN. I do not think they could. It seems to me the sailors have everything full and plenty, and are always satisfied, and the foreigners coming on American vessels are always more satisfied.

Senator MALLORY. Do you do any duty on watch?

Mr. LINNAMANN. No, sir.

Senator MALLORY. You do not stand your trick at the wheel?

Mr. LINNAMANN. No, sir.

Senator MALLORY. How about the cook?

Mr. LINNAMANN. He does not, either.

The CHAIRMAN. Mr. Linnamann, we are much obliged to you.

STATEMENT OF F. H. BURYESON.

F. H. Buryeson appeared before the Commission.

The CHAIRMAN. What is your business?

Mr. BURYESON. Sailor.

The CHAIRMAN. Where is your home?

Mr. BURYESON. Here in New York.

The CHAIRMAN. Were you born in this country?

Mr. BURYESON. No, sir; I was born in Sweden.

The CHAIRMAN. Have you been on ships of different nationalities?

Mr. BURYESON. Yes, sir; I have sailed under about ten or eleven different flags, as near as I can remember.

The CHAIRMAN. Ten or eleven different nationalities?

Mr. BURYESON. Yes, sir.

The CHAIRMAN. Tell us, in brief, what your experience has been.

Mr. BURYESON. Several of the gentlemen who have addressed the Commission here have told you that American ships are far superior in every way to foreign ships. They have told you that they treat their sailors better, feed their sailors better, pay them higher wages than the ships of other nations do. In spite of all these advantages, they have conceded that sailors as a rule prefer to ship in foreign vessels for less wages than they would get in American ships. Now, you are all intelligent men, and you will naturally conclude that there must be something loose.

Senator LODGE. Who said they preferred to ship in foreign vessels? I have not heard that stated.

Mr. BURYESON. Yes, sir; Mr. Clyde made that statement yesterday, and Mr. Orcutt did, and so did the shipmasters. I did not catch their names, but I distinctly heard them say so.

Senator LODGE. I did not so understand it.

Mr. BURYESON. They made all kinds of explanations of the fact. They actually said here in my presence that sailors would ship in an English ship for less wages rather than in an American ship, and that they would rather ship in a German or Norwegian ship than in an English ship. It was said right here.

#### MORE WORK ON AMERICAN SHIPS.

There is something wrong with American ships. These same gentlemen to whom I have referred have laid great stress on the fact, as it seems to them, that it costs more to operate an American ship in the foreign trade than it does a foreign ship of the same type and size engaged in the same trade. It is quite true that sometimes, very often I may say, American ships in foreign ports have to pay more wages in order to secure a crew than foreign vessels do. But there is a very good reason for this, which I will explain to you.

These same gentlemen have studiously avoided telling you that American ships generally are undermanned. By this I mean that American ships, ton for ton, carry much smaller crews than do foreign ships of the same size and type in the same trade.

It may not be known to you gentlemen, but it is a fact nevertheless, that American ship masters and American mates take great pride in the smartness of the appearance of their vessels. Naturally this entails a lot of extra work for the crew, and when you take into consideration the fact that American vessels are undermanned it stands to reason that the American sailor has to do a heap more work aboard an American ship than he has aboard a foreign ship.

#### NO HOLIDAYS AT SEA.

Again, the navigation laws of the United States are absolutely silent on the subject of watch and watch at sea, or legal holidays, or Sundays, or a legal workday in port. The law does not specify a single thing in that respect.

Under the laws of Norway and Germany you are entitled to your watch and watch at sea, except, of course, in bad weather, when all hands are needed. You are entitled to legal holidays and to Sundays, and also to a nine-hour workday in port. Naturally, if I go to sea before the mast in a Norwegian vessel or a Dutch vessel or a German vessel I can make reasonably sure at sea to get my watch and watch—my watch below when it is due to me. I can also make reasonably sure when a legal holiday comes around that I can claim it, and so of Sunday, and they can not work me any long ten or twelve or fourteen hour day in port, because I am entitled to a nine-hour workday in port.

Senator MALLORY. You apply that only to the days when you are in port. You do not expect a legal holiday at sea?

Mr. BURYESON. Yes, sir; you do get it at sea. Two years ago last Fourth of July I was working on an American coaster, and we were made to scrape the boom, and because I had a little something to say

to the mate about it he offered to knock my block off. I had to keep on working. That happened right here on an American coaster, the *M. D. Cressy*, a five-masted schooner, at sea, and it was my afternoon watch below.

Senator LODGE. Do I understand you to say that on Norwegian ships everybody takes a holiday on Sunday?

Mr. BURYESON. You get your watch and watch. You only have to do that work which is necessary for the navigation of the ship.

Senator LODGE. I was about to ask you who sailed the ship.

Mr. BURYESON. In American vessels, as a rule, they never recognize any holiday. You are requested to do scraping down, or whatever is going on, and there is no let-up.

Senator MALLORY. Is there any difference in the treatment of the men by the masters and mates of American ships and the masters and mates of foreign ships?

#### AMERICAN MATES DRIVERS.

Mr. BURYESON. Yes, sir; and I will tell you why. It is because the American ships as a rule are undermanned. The mate is usually as much engaged for his ability to drive the sailors as for his ability to navigate and maneuver the vessel. American mates are noted to be drivers.

Senator MALLORY. Driving is one thing; but are they cruel to the men?

Mr. BURYESON. Yes; they are at times.

Senator MALLORY. Do you make the assertion that American mates are cruel to the men, as compared with the mates of ships of other nationalities?

Mr. BURYESON. Yes, sir; the National Seamen's Union of America some six or seven years ago published a little pamphlet called the *Red Record*, and the frontispiece of the *Red Record* was a big fist smeared with blood. That little pamphlet contained about 250 or 300-odd instances of cruelty aboard American ships. One of the men who was particularly obnoxious to the sailors was a relative of Mr. Sewall, who was before you here to-day—Captain Sewall, of Bath, Me. He was in the *Red Record* twice. That such treatment is accorded sailors is a notorious fact, gentlemen, and I have personally suffered from it. American ships are called by sailors slaughterhouses and hell ships. That is what has mainly given American ships such a bad reputation, and men to go in American ships want higher wages. They are scared to go. In all my experience—and I have been on only three deep-water voyages—I have never managed to make a full voyage. I was glad enough to get out after the passage.

#### SMALL AMERICAN CREWS.

Senator MALLORY. You say it is a rule that American ships are short-handed as compared with foreign ships?

Mr. BURYESON. Yes, sir.

Senator MALLORY. Take an American bark of 1,000 tons. How much of a crew would she have outside of the master and mates?

Mr. BURYESON. An American bark registering about a thousand tons would carry seven, eight, probably ten hands before the mast at the most.

Senator MALLORY. Eight to ten?

Mr. BURYESON. Yes, sir.

Senator MALLORY. How many would a British bark carry?

Mr. BURYESON. She would carry about twelve seamen—ten able seamen before the mast, two ordinaries, and carry four or six apprentices aft somewhere. That would be about six hands in addition.

Senator MALLORY. Twelve to sixteen hands?

Mr. BURYESON. Sixteen hands. And the same number of officers, and probably one more officer, because they usually carry third mates. American ships do not.

Senator MALLORY. Are you before the mast?

Mr. BURYESON. I have not been to sea for the last six months. I left the schooner last November.

Senator MALLORY. In what capacity were you employed then?

Mr. BURYESON. Able seaman. I have always been before the mast.

The CHAIRMAN. In what service?

Mr. BURYESON. I have sailed in American vessels.

The CHAIRMAN. What was your last service?

Mr. BURYESON. In a schooner on the coast.

The CHAIRMAN. What was its nationality?

Mr. BURYESON. American.

Senator MALLORY. What was its name?

Mr. BURYESON. The *Edwin R. Kirk*.

The CHAIRMAN. Had you been in the American service prior to that time?

Mr. BURYESON. Yes, sir.

The CHAIRMAN. How many times?

Mr. BURYESON. I have been off and on. The first American ship I was on, in 1872, as ordinary seaman, was the *Ivanhoe*.

#### CRUELTY IN AMERICAN SERVICE.

The CHAIRMAN. If there is this cruelty in the American service, why do you go back to it?

Mr. BURYESON. I have not been in American deep-water ships for many years. I run clear of that. I have been on the coast a number of years.

The CHAIRMAN. Then you are not a sailor. You are a land sailor.

Mr. BURYESON. A land sailor? No, sir; I am a coastwise sailor, and have been for some years past.

The CHAIRMAN. Is this cruelty in the American foreign service?

Mr. BURYESON. In the foreign service.

The CHAIRMAN. Not in the coastwise service?

Mr. BURYESON. No, sir.

The CHAIRMAN. Why should it not be in the coastwise service, if we are such cruel people?

Mr. BURYESON. The coastwise trips are short and they are more under the influence of public opinion. They are probably scared of getting afoul of the law. When a deep-water ship is bound to an American port they are not cruel to the sailors, as a rule.

The CHAIRMAN. Have you personal knowledge of any instance of cruel treatment on an American ship? Have you seen the fur fly?

Mr. BURYESON. Yes, sir; I have. I have been kicked.

The CHAIRMAN. Under what circumstances?



Mr. BURYESON. I shipped in 1883 as able seamen aboard the ship *Exporter*, of Newburyport, Mass., to go to Bombay with case oil. There is no use to give you gentlemen the details. But there was fighting aboard that vessel, and when a man came on deck, if the mates were in bad humor, they would take it out of him. It is sickening to give all this.

Representative MINOR. These charges have been brought against American mates a good many times, but in a general way. Would you have any difficulty in furnishing the Commission with specific instances?

Mr. BURYESON. Not a bit; but I can not do it now.

Representative MINOR. We are after those fellows.

Mr. BURYESON. I told you a while ago there was a pamphlet called the "Red Record" that will give you the specific instances.

Representative MINOR. That was a good while ago. What objection is there to giving to this Commission the names of the vessels and the men who practiced it?

#### AN IMPROVED CONDITION.

Mr. BURYESON. You must understand that in 1898 there was an act passed. We call it the "White Act," because Senator White, of California, was the man who introduced it in Congress. The law was so amended as to give the master a hold on the mate, and since then cruelties have subsided somewhat.

Representative MINOR. I knew about that law, because I was on the committee.

Mr. BURYESON. What I am speaking about all happened in the past, and the mischief has been done and American vessels have earned the reputation of being bad vessels, and you know the old saying about giving a dog a bad name—that it will stick to him. It will be years before sailors will have confidence in American vessels.

Senator PENROSE. Do you consider the food on American vessels better than that on foreign ships?

Mr. BURYESON. Since that act came into existence it has been very good. It is fully equal in quality and quantity to what is given on German ships and Scandinavian ships.

Senator PENROSE. Is it better?

Mr. BURYESON. I do not think it is any better, but I should say it is about equal. There is no complaint coming from sailors now on the score of food.

Senator MALLORY. You are aware of the fact that there are heavy penalties under our law for cruelty to seamen by the master or any other officer of a ship?

Mr. BURYESON. Yes, sir; I am.

Senator MALLORY. We have some very stringent laws, and I have known a case where the crew complained about the water, and the whole crew was discharged by the United States district court, because the water had wiggle tails in it. They did not hurt the water at all. Can you give us any instance where acts of cruelty were brought to the attention of the local authorities and prosecutions were not instituted?

## ONLY GENERAL STATEMENTS.

Mr. BURYESON. Sir, if I had known that you would ask me this question I would have come here with the proof, but I am only making general statements.

Senator MALLORY. You are making an assertion as to which we should like to get at the facts. You were speaking, of course, of your own experience and not from what you have heard. Your own experience is what we shall base our judgment on.

Mr. BURYESON. Yes.

Senator MALLORY. Can you give us in your own experience an instance in which a master or a mate or any other officer of a ship maltreated a seaman and the seaman complained about it at the port and there was no redress given him?

Mr. BURYESON. No, sir; I am not prepared to make any such statement to-night, because I want to be quite sure of what I am saying.

Senator MALLORY. Could you give us one hereafter?

Mr. BURYESON. Yes, sir; I will.

Senator MALLORY. Please furnish us the information if you have it.

Mr. BURYESON. I shipped on the *Exporter*, and when I got to Bombay I had to swim ashore, leaving all my clothes and wages behind. I was afraid to go to the American consul because he had a bad name among sailors. I was afraid he would put me in jail, and I would be kept in jail and put in handcuffs. So I kept away from the consul. I shipped aboard an English tramp and came home through the Suez Canal.

Senator MALLORY. You did not give the consul an opportunity to determine whether or not your complaint was justified?

Mr. BURYESON. I did not trust him.

Representative MINOR. Are you a member of the Sailors' Union?

Mr. BURYESON. Yes, sir.

Representative MINOR. Do you hold any position in that organization?

## A WRITER FOR THE UNION.

Mr. BURYESON. For the last six months—since last November—I have been writing for the *Coast Seamen's Journal*. I have been going to sea before the mast for thirty-one or thirty-two years, in all kinds of vessels. If you gentlemen desire any specific instances of cruelty aboard American vessels I can procure them and send them to you.

Senator MALLORY. What we want are not ex parte statements, but something to indicate that there has been cruelty and an effort made to investigate it. If a sailor is maltreated, all he has to do is to report it to the proper officer and it is brought to the attention of the United States district attorney and investigated. I know it is done very often. I have had frequent instances of it called to my attention. If a man is seriously maltreated aboard ship and there is nothing heard of it afterwards, the implication is that either the thing is hushed up with his consent or there is some crooked work about it.

What I should like for my own information is to know whether there is any case which you can give us where a man was maltreated, and complaint made, and proof offered of that fact, and no action taken on the subject by the legal authorities. If you can furnish such information hereafter, I should like to see it.

Mr. BURYESON. I will.

Senator MALLORY. If such instances occur Congress ought to stop them, of course.

Mr. BURYESON. I will try to furnish it.

Senator MALLORY. There is law enough.

Mr. BURYESON. Cruel treatment of seamen is not as bad on American ships as it used to be, but as I said a while ago they have a bad name, and it is hard to get over it. I have been at Liverpool, for instance, when many ships were there, and a man could get a crew for an English vessel for £3 a month and for an American vessel he would have to pay £3 10s., and then the American vessel would get the rakings of the port, men that English or German shipmasters would not take—men with blackened eyes and broken noses; men who looked like bad cases, and they would get the wages paid on board an American ship.

Senator MALLORY. You have no complaint to make about American ships, on that point, since 1898?

Mr. BURYESON. No complaint since 1898.

The CHAIRMAN. Have you knowledge of any case except your own? On that voyage to which you have referred were any other sailors cruelly treated?

Mr. BURYESON. Yes, sir, everybody; but it is twenty-one years ago, and I forget their names.

The CHAIRMAN. Were any complaints made when you got ashore?

#### AS TO STEAMSHIP WAGES.

Mr. BURYESON. Not that I know of. I was one of the first to run away. She was bound for Calcutta from there.

Mr. Clyde made a statement to the effect that the wages paid on this coast are the highest paid to any sailors in the world. If Mr. Clyde were here he would bear me out in the statement that he pays his sailors \$25 a month and feeds them, taking the rations of the Navy as the standard. That is 30 cents a day, or \$9 a month. That would make Mr. Clyde's expense of feeding the sailors and their wages \$34 a month. But to be quite sure I am right, I will say it will cost him \$35.

Now, seamen on the same kind of vessels on the English coast are paid in a different way. In the English coastwise system the ships are called weekly boats, because they pay their crews by the week. The average wage on the English coast in the weekly boats is 35 shillings a week, or 5 shillings a day, including Sundays. Those are laborers' wages. The crew feed themselves and do their own cooking. Thirty-five shillings converted into American money will make approximately \$8.75. That is \$8.75 a week, or as near as I can come to it, about \$37.50 or \$38 a month, which it costs the British shipowner to hire seamen on the British coast.

Now I should like to know where Mr. Clyde's statement comes in, that seamen on this coast are paid such exorbitant wages, when the actual figures prove that on the English coast they pay two or three or four dollars a month more to a sailor in the same class of vessels.

#### AS TO INTIMIDATION.

Representative MINOR. Just one moment. You have some vessels here that ship nonunion crews occasionally?

Mr. BURYESON. Yes, sir.

Representative MINOR. Are they permitted to sail in peace and without disturbance?

Mr. BURYESON. So far as I am concerned they are.

Representative MINOR. No; that does not answer the question. Are they permitted by the union to do so?

Mr. BURYESON. Yes, sir; if they are not, the police will see to it that they are.

Representative MINOR. Do you know of any crews that have been taken off vessels here by a launch because they were nonunion?

Mr. BURYESON. No, sir; I do not know of a crew. I have heard some rumors of it, but that is all.

Representative MINOR. You have heard some rumors of it?

Mr. BURYESON. Yes, sir.

Representative MINOR. You are quite sure that it has not taken place?

Mr. BURYESON. I am not quite sure, for I think it has taken place.

Representative MINOR. You think that the union has a launch?

Mr. BURYESON. The sailors' union?

Representative MINOR. Yes; used for that purpose?

Mr. BURYESON. I know they have, but I do not know what it is used for.

Representative MINOR. And that they have taken crews off?

Mr. BURYESON. If the crew is willing to leave, it certainly will take the crew.

Representative MINOR. They have been persuaded to leave?

Mr. BURYESON. Yes.

Representative MINOR. Have you ever engaged in that business?

Mr. BURYESON. No, sir.

Representative MINOR. You have never taken any part in it?

Mr. BURYESON. No, sir.

Representative MINOR. Has some member of your order done so?

Mr. BURYESON. If I did know, I am not here to tell you.

Representative MINOR. You are not here to tell me?

Mr. BURYESON. I prefer to tell you my personal affairs.

Representative MINOR. Would you approve such a course?

Mr. BURYESON. I approve of a peaceful course. If I can get alongside of a man and tell him "My dear man, you are taking my place for a lower wage; I am on strike, and I should like to see you leave," I can certainly approve of that. I do not approve of violence.

Representative MINOR. That is all.

The CHAIRMAN. Have you anything further to submit?

Mr. BURYESON. I have a lot, but then you seem to be busy, and it is getting late, and it is hardly worth while to bother you. If you will give me five minutes more, there is just one other item I should like to mention.

The CHAIRMAN. Certainly.

#### NO REQUIREMENT OF SEAMEN.

Mr. BURYESON. Again referring to Mr. Clyde and coastwise steamers, I wish to call your attention to the fact that the navigation laws of the United States are very stringent on this point. They require every coastwise steamer to carry a certain number of lifeboats, proportioned to the space and accommodations that they have for passen-

gers. The object is, of course, that in case of emergency there shall be enough boats to take care of the passengers; but the law stops there. The law does not compel Mr. Clyde to carry one single seaman. He may have his vessel loaded down with passengers; he may have a thousand passengers aboard, and still there is no law of the land to prevent him from leaving on board his ship, in such an emergency, a quartermaster or two to steer her or firemen to keep up steam. What is the sense of a law like that, when Mr. Clyde gets away without any seamen.

The wages on steamers are \$5 to \$10 less than on sailing vessels, and the consequence is that no sailor will go on a steamer on the coast. The steamers get the riff raff, anybody who is "on the bum," and even if there was an accident at sea, there would not be one man out of a score of them who could handle an oar or lower a boat to the water.

Senator PENROSE. Are not the crews expected to row those lifeboats?

Mr. BURYESON. There should be at least two men in a lifeboat, so as to keep her head to the sea. They are not to row her, but to keep her head to the sea, or in a certain direction, according to whoever is in charge of the boat. It is ridiculous to have a law like that, so emphatic on one point and so lax on another. What is the use of having lifeboats if you have not men to man them?

Senator MALLORY. Is it a fact that as a rule our coastwise steamers do not have an adequate number of sailors to handle their boats?

Mr. BURYESON. That is a fact which can be easily proved.

Senator MALLORY. I know it is so with British tramps.

Mr. BURYESON. And it is so with American tramps.

Senator MALLORY. We have not many tramps.

Mr. BURYESON. Even so, in the American coastwise trade they never mind whether you can handle an oar or splice a rope.

Senator MALLORY. You think Congress ought to require passenger coastwise steamers to carry a certain proportion of capable and ordinary seamen at least?

#### A MANNING LAW.

Mr. BURYESON. I think Congress ought to enact a law fixing a national manning scale for all classes of ships, according to the trade, and the rig of the vessel, and the tonnage. I think there ought to be a test of efficiency. A man should not be allowed to enter himself as qualified for able seaman unless he can prove it. Suppose you are aboard a sailing vessel. Mr. Pendleton probably can bear me out in that. Suppose I ship in a big hand-puller, with four men before the mast, and that there are three or four greenhorns, and I am the only sailor. I have to do their work. It comes hard on me, and in the future I will shy clear of that kind of a vessel.

Senator MALLORY. How can the master know whether they are able seamen or not?

Mr. BURYESON. Under present circumstances he can not know, because there is no test required. The man is taken on his word. For instance, I will tell you how the thing works. The Sailors' Union maintains a scale of wages, and there is a vessel up for shipping. For instance, we will say she is a \$30 vessel, according to our scale. Mr. Pendleton is hunting around to get men to go for \$25. Mr. Pendleton would naturally not get the sailors, because we try to keep our sailors in the union. He may get a crew—what we call scabs. There

are scab sailors. But to spite the union and to show it that he can get his vessel away, he will not be particular, and he will take the best he can get. That is how it works out.

Senator MALLORY. How would you remedy that?

Mr. BURYESON. Just as I said a while ago. There should be some kind of a test of efficiency.

Senator MALLORY. Prescribed by law?

#### A EUROPEAN EXAMPLE.

Mr. BURYESON. Yes. In Germany and Norway it is regulated in this manner. Every man has to serve, in the first place, as a young man, and then as an ordinary seaman, and he gets a book from the Government. The master of every vessel he serves in gives him a discharge, and it is gummed into this book, and before he is allowed to ship before a shipping commissioner he must produce this book, and that is a certificate both of his character and his ability. I think a plan of that kind would be good enough for American ships. I, for my part, would take my chance with a book of that kind. I think the man who is shiftless enough to forfeit his good name should be left to shift for himself.

The CHAIRMAN. Suppose that man did not join the union. Would you still call him a scab and send out your launch and take him off the ship?

Mr. BURYESON. The Government does not recognize union or scab men. I am speaking of what the Government should do. That would be left to us afterwards.

The CHAIRMAN. What about the union? You admit that you send out a launch to take men off a ship.

Mr. BURYESON. Has your Commission come here to investigate the union? I am not here as a union sailor, you understand. I am here as an American sailor.

The CHAIRMAN. You call a man who does not belong to your union a scab?

Mr. BURYESON. Yes, sir.

The CHAIRMAN. That sounds very much like unionism.

Mr. BURYESON. It does.

The CHAIRMAN. Suppose we took this man and educated him as you say the German Government does, and he was still a nonunion man: How would he be treated by your organization?

Mr. BURYESON. We would try by all means to make a union man of him.

The CHAIRMAN. Suppose he did not conclude to become a union man?

Mr. BURYESON. Then we would try to keep him out of the vessel.

The CHAIRMAN. Exactly.

Mr. BURYESON. We naturally would. That is human nature. It is protection. Why should a man refuse to belong to the union of his craft? Can you give me any reason for that, Mr. Chairman?

The CHAIRMAN. I do not care to go into that question. I have my opinions about it, but I do not care to argue it to-day with you. Have you anything further to say?

Mr. BURYESON. No, sir.

## STATEMENT OF GEORGE HALL.

George Hall appeared before the Commission.

The CHAIRMAN. Are you a seaman?

Mr. HALL. Yes, sir.

The CHAIRMAN. Are you in the American service?

Mr. HALL. Yes, sir.

The CHAIRMAN. On what vessel?

Mr. HALL. I am not on any vessel. I am going away to-morrow morning on a vessel.

The CHAIRMAN. What vessel?

Mr. HALL. The *Aetna*.

The CHAIRMAN. Have you been in any other service than the American?

Mr. HALL. The English.

The CHAIRMAN. Tell us, in a few words, what you know about the English and American services.

## PREFERS AMERICAN VESSELS.

Mr. HALL. On American vessels the sailors are treated better, and the food is better, and they have better quarters, and better wages. They get \$8 to \$10 a month more on American than on English vessels. I always prefer American vessels. All I have to do is to do my work and mind my own business and do what I am told.

The CHAIRMAN. Were you ever illtreated on an American vessel?

Mr. HALL. No, sir. I have always tried to do my work as near as I could.

Senator PENROSE. Are you a member of the union?

Mr. HALL. No, sir.

The CHAIRMAN. Have you knowledge of any cases of cruelty on American vessels? If so, were they reported and not properly attended to by the authorities?

Mr. HALL. I do not know that I have, or else they are so far back that I disremember them now.

The CHAIRMAN. Where were you born?

Mr. HALL. New Jersey.

## SAILORS NEED ADVANCE PAY.

There is one thing about American vessels. They used to pay advance wages—from \$8 to \$10 and \$12 on the coast and \$12 to the West Indies and Mexican ports. They have done away with that. That makes the sailor sore. He can not get a place to stay. Last winter, for instance, many men did not have any place to stay or any place to sleep, whereas if they could have gotten advance they would have got a place to stay.

Senator MALLORY. You are strongly in favor of repealing that law?

Mr. HALL. Yes, sir; I want a coasting advance.

Senator MALLORY. Do you know why that law was enacted? Do you know what was the reason or the excuse for enacting the law to prevent men from getting the advance?

Mr. HALL. No, sir.

Senator MALLORY. It was to prevent your being preyed on by boarding-house keepers and crimps.

Mr. HALL. I never have been preyed on. The others can look out for themselves.

Senator MALLORY. It has seemed to work badly.

Mr. HALL. Yes, sir; I know that.

Senator MALLORY. And the boarding houses get along just the same?

Mr. HALL. Yes, sir.

# STATEMENT OF DAVID MURPHY.

David Murphy appeared before the Commission.

The CHAIRMAN. Are you a seaman?

Mr. MURPHY. Yes, sir.

The CHAIRMAN. Where were you born?

Mr. MURPHY. Virginia.

The CHAIRMAN. Are you in the American service?

Mr. MURPHY. Yes, sir.

The CHAIRMAN. On what vessel?

Mr. MURPHY. I was on the *Viator*.

The CHAIRMAN. Have you been in the service of any other country as a seaman?

Mr. MURPHY. I have been a few times on an English vessel, but mostly on American vessels—schooners in the coasting trade.

The CHAIRMAN. What about the conditions in the English service as compared with the American service?

## AMERICAN SHIPS FAR AHEAD.

Mr. MURPHY. All the difference in the world. In American vessels they feed you well and use you well and pay you well and everything is well. It is altogether different from the English. I have learned it is the same in other country's vessels. I have found out from others who have been there that we are far ahead of any other country in every way.

Senator MALLORY. Are you a seaman?

Mr. MURPHY. Yes, sir.

Senator MALLORY. How do you class, as an able seaman or an ordinary seaman?

Mr. MURPHY. I have been an able seaman; I have been second mate; I have been mate on schooners. I go before the mast now.

Senator MALLORY. You say you have served in British vessels?

Mr. MURPHY. Yes, sir.

Senator MALLORY. In the deep sea?

Mr. MURPHY. No; in the western ocean trade between New York and Liverpool.

Senator MALLORY. Were you on square riggers?

Mr. MURPHY. Yes, sir.

Senator MALLORY. How does the food given on the British ship compare, in your judgment, with the food schedule on the American ship?



BEST FOOD AND ACCOMMODATIONS.

Mr. MURPHY. All the difference in the world.

Senator MALLORY. You think it is better on the American vessel?

Mr. MURPHY. I do. What the British give you for a week you can use in one day.

Senator MALLORY. How about accommodations for the men?

Mr. MURPHY. The American accommodations are the best in the world.

Senator MALLORY. In the matter of the treatment of the men by the officers, have you noticed any difference?

Mr. MURPHY. I did not notice much difference in that at all. I have not seen much of that anywhere. I heard about it. I never saw it.

Senator MALLORY. Sometimes you have a captain who is rough and sometimes one who is fairly good.

Mr. MURPHY. Sometimes. I have seen very little of it. I have heard.

Senator MALLORY. Are you a member of the Seamen's Union?

Mr. MURPHY. No, sir; not now.

Senator MALLORY. You are not now. Were you ever?

Mr. MURPHY. Yes, sir; I was when it first came out.

Senator MALLORY. How long since you have been a member?

Mr. MURPHY. It has been ten years, now, I guess.

HAVE SEEN NO CRUELTY.

The CHAIRMAN. Have you seen any instances of cruelty on American vessels which were reported and, if reported, were neglected by the authorities?

Mr. MURPHY. No, sir; I never saw anything reported. I have heard of some that were reported. I have not seen any that was reported and carried on in the right way that was ever neglected.

The CHAIRMAN. Have you ever seen any American seaman who did his duty faithfully and well who was ill treated by his officers?

Mr. MURPHY. No, sir.

STATEMENT OF JAMES O. OSBORNE.

James O. Osborne appeared before the commission.

The CHAIRMAN. What is your business?

Mr. OSBORNE. Sailor.

The CHAIRMAN. How long have you been a sailor?

Mr. OSBORNE. Three years.

The CHAIRMAN. Are you in the service of the United States?

Mr. OSBORNE. Yes, sir.

The CHAIRMAN. On what ship?

Mr. OSBORNE. The schooner *Aetna*.

The CHAIRMAN. Where were you born?

Mr. OSBORNE. In the West Indies.

The CHAIRMAN. Have you been in the service of any other country as a seaman than that of the United States?

Mr. OSBORNE. No, sir.

The CHAIRMAN. What have you to say about accommodations, food, and the treatment of yourself and your associates in the service of the United States as seamen?

#### HARSHLY TREATED BY THE UNION.

Mr. OSBORNE. I think it is all right. It is in pretty good condition, until the last schooner, when I got treated pretty mean after I got into Brunswick. The union came aboard and forced me to go ashore and held me for fifty-one days, and I got no pay for it.

The CHAIRMAN. Repeat that statement. That was in Brunswick, Ga.?

Mr. OSBORNE. Brunswick, Ga.

The CHAIRMAN. What happened when you got into that port?

Mr. OSBORNE. Union sailors came aboard and persuaded me to go ashore—forced me to go—and I was held in the house of detention for fifty-one days, for which I received no pay. It was the most unreasonable thing ever I heard of.

The CHAIRMAN. Are you a union man?

Mr. OSBORNE. No, sir.

The CHAIRMAN. You say they persuaded you or forced you; which was it?

Mr. OSBORNE. They forced me to go.

The CHAIRMAN. Did they force you to leave the ship?

Mr. OSBORNE. Certainly; they came on board with force and made me go ashore.

The CHAIRMAN. How did you get into jail?

Mr. OSBORNE. The police put me in there.

Representative MINOR. He was detained as a witness.

The CHAIRMAN. You were detained as a witness?

Mr. OSBORNE. I was detained as a witness in the house of detention.

The CHAIRMAN. More specifically, have you any complaint to make against the officers of American vessels on which you have served, in regard to treatment, quarters, food, or anything of that kind?

Mr. OSBORNE. Nothing whatever. I am always treated fine wherever I go in American vessels.

#### FORCED TO LEAVE HIS SHIP.

Senator MALLORY. I should like the particulars about your being forced ashore by the union. How do you know they were union men?

Mr. OSBORNE. They said they were union men. I particularly asked them.

Senator MALLORY. How did they force you? What means did they employ to control you and get you ashore?

Mr. OSBORNE. Had a gun drawn on me.

Senator MALLORY. Were you at the wharf?

Mr. OSBORNE. I was living aboard the vessel.

Senator MALLORY. Was the vessel out in the stream?

Mr. OSBORNE. She was at the dock.

Senator MALLORY. You say they pulled a gun. Were any of the crew aboard besides you?

Mr. OSBORNE. The captain, and mate, and steward, and engineer, and me and another sailor.

Senator MALLORY. What was the size of the vessel?

Mr. OSBORNE. I do not know.

Senator MALLORY. Was she a three-master?

Mr. OSBORNE. She was a four-masted schooner.

Senator MALLORY. Did you make any noise in resisting them? Did you call on the captain or the mate or the steward?

Mr. OSBORNE. I did not call on them. I told the men I wanted to go aft. They said if I made any noise they would shoot my brains out—if I made any noise at all.

Senator MALLORY. Were you the only member of the crew aboard the vessel who was treated in that way? Did they force any other men to go ashore?

Mr. OSBORNE. Me and another sailor.

Senator MALLORY. How many men were there?

Mr. OSBORNE. There were 12 or 15 who came down that night, but they only got hold of 5 of them after the police got hold of us.

Senator MALLORY. Are you quite sure those men were union men?

Mr. OSBORNE. They claimed they were union men.

Senator MALLORY. Are you quite sure they were not sailors' boarding house people who wanted a crew?

Mr. OSBORNE. I particularly asked them what they were, and they said union men, and that they wanted to take me ashore so that they could give their men a ship to go to New York.

Senator MALLORY. You say you were arrested by a policeman; how was that?

#### HIDDEN IN THE WOODS.

Mr. OSBORNE. After they took us out into the woods, until the captain got away with other men, the hackman who took us out there went in and reported it to the chief of police, and he came and took charge of us.

Senator MALLORY. How long after you were taken ashore by these men?

Mr. OSBORNE. That was twenty-three hours.

Senator MALLORY. You were out in the woods?

Mr. OSBORNE. Out in an old barn.

Senator MALLORY. Were the men who took you ashore arrested?

Mr. OSBORNE. I do not know particularly.

Senator MALLORY. Were you detained as a witness?

Mr. OSBORNE. As a witness against the five who had us out in the woods when the policemen came.

Senator MALLORY. Were they some of the men who compelled you to leave the ship?

Mr. OSBORNE. I do not know particularly.

Senator MALLORY. Were these men tried?

Mr. OSBORNE. They were tried.

Senator MALLORY. And convicted?

Mr. OSBORNE. Convicted.

Senator MALLORY. What became of them?

Mr. OSBORNE. I do not know. I guess they were sent to the work-house.

Representative MINOR. What is the name of the vessel you were on?

Mr. OSBORNE. The *William Neely*. I think American seamen should have advance money—\$5 or \$10.

Thereupon, at 6 o'clock and 25 minutes p. m., the Commission adjourned until to-morrow, Wednesday, May 25, 1904, at 10 o'clock a. m.

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OFFICE OF THE BOARD OF  
TRADE AND TRANSPORTATION,  
*New York City, N. Y., May 25, 1904.*

The Commission met at 10 o'clock a. m.

Present: Senators Gallinger (chairman), Lodge, Martin, and Malory, and Representatives Minor, Humphrey, and Spight.

**STATEMENT OF HON. JOHN M. FARQUHAR.**

Hon. John M. Farquhar, of Buffalo, N. Y., appeared before the Commission.

The CHAIRMAN. Mr. Farquhar, are you ready to proceed?

Mr. FARQUHAR. I am.

The CHAIRMAN. The Commission will be glad to hear you. I believe you were at one time chairman of the Committee on Merchant Marine and Fisheries of the National House of Representatives?

Mr. FARQUHAR. I was.

The CHAIRMAN. And you have made a careful study of the questions connected with our commercial marine?

Mr. FARQUHAR. The whole question, up to that time, was very thoroughly discussed and examined.

The CHAIRMAN. You may proceed in your own way, Mr. Farquhar.

Mr. FARQUHAR. I presume, Mr. Chairman, that I am admonished to be brief so far as time is concerned, and I will simply ask the privilege, when the notes are transcribed, to amplify where I say that which is purely assertive, in order to bring in what argument may be needed to clear up the assertion itself.

The CHAIRMAN. There is no objection to that.

Mr. FARQUHAR. There is a good deal of ground to traverse, and probably I shall treat some things lightly. If any question shall occur to any member of the Commission, I wish at the time it may be promptly called to my attention. I shall be as brief as possible.

I have with me this morning, Mr. Chairman and gentlemen, two mosaics which I should like to introduce into this testimony, and which will in a measure make a foundation for the remarks I shall submit on this question. One of them is an extract from the *New York Commercial* of this month:

A HUMILIATING RECORD.

“Last year 265 steamships sailed from New York for European ports, but out of the whole number only 6”—

That is, 6 out of 265—

“flew the American flag—less than 2½ per cent. From this same port last year 12 steamships cleared for Africa, 17 for China, Japan, and the Far East, and 50 for South America—79 in all—but not one of them

bearing the Stars and Stripes. Of the 71 steamships that sailed for ports in Cuba, the West Indies, and Mexico, only a paltry 22 were of American register. There were 8 steamship clearances from this port for Australia, but not one American craft in the lot. Thus, of the 423 steamships sailing for foreign ports last year from the chief port in the United States, only 28 brought a penny in freights into the pockets of American owners, although they were chiefly engaged in carrying American exports and imports—less than 7 per cent of the whole!

"Baltimore has practically the same humiliating story to tell—73 foreign clearances, with only 3 steamships of American register, Boston and Charleston sent 74 steam craft to foreign ports, of which 9 only were American. Newport News had 18 foreign clearances—not a solitary Yankee among them. From Philadelphia 64, and not one American.

"It is high time for every port of entry in the United States to protest against the further exclusion of the American flag from their harbors, and to assist in declaring our freedom from European domination in our ocean-borne trade."

So much for the shipping status and navigation. I wish now to call attention to an extract from the Sun, quoting figures taken from the United States Bureau of Statistics. It somewhat touches on expansion and the Eastern trade, and, independent of consular reports, Mr. Chairman, and those matters that come immediately into the possession of the United States Government for publication, are the hard figures of fact without color, and the extract I now intend to read will certainly, if there are present any very strong friends of expansion and of the growth of trade, and even of amended bills in respect of navigation, furnish food for reflection:

#### A FEEBLE SHOWING.

"Philippine imports of iron and steel and manufactures thereof for the calendar year 1903 show an increase of approximately 10 per cent over those of 1902. The figures are \$2,102,915 for 1903 and \$1,909,679 for 1902. Of the total for the two years the United States secured only about 23.7 per cent. More than three-quarters of the trade was captured by our English and European competitors. Our percentage of the trade of 1902 was a small fraction less than 25; for 1903 it was 22.5. We did not even hold our own.

"The largest single item last year was iron sheets and plates. England supplied nearly all of it. The next item in importance was steel rails. Germany supplied one-half, Belgium 40 per cent. The United States placed 2.4 per cent. Out of a steel-rail trade of \$159,528 we supplied \$3,766. The business in structural iron and steel in 1903 doubled that of 1902. Great Britain sold 90 per cent of it, and the United States supplied about enough to ballast a catboat. We were even beaten out in electrical supplies and sewing machines.

"If the Philippines are worth having at all, their trade ought to be worth cultivating. The financial balance against us is already quite large enough. It is to be hoped that Heaven will send the next session of Congress a measure of grace and wisdom that will materially change such a record."

## ANCIENT HISTORY NOW.

I may very properly say, Mr. Chairman, that whatever my opinions and the opinions of the friends of the American ship were in 1891, they seem almost like ancient history now. In listening to the hearings before your Commission here during the last two days I have been impressed with the duplication of arguments. Take the report of our committee in the Fifty-first Congress, and you will find that over half of what you have heard is in it. In other words, there has not been a new fact adduced, although every man who understands trade and commerce and navigation knows there are radically different conditions in this country now from what there were in 1891. We have the same arguments here from the shipbuilding interest for support in ship construction. We have the same call from the owners of ships for the difference in operating. We have the same large figures—running from 25 and 30 per cent to 80—as to the difference in cost of construction; the same arguments, almost word for word, which have been common since the Lynch committee of Congress in 1872.

## THE BILLS OF 1891.

To my mind, while the tonnage bill of the Fifty-first Congress was probably one of the best measures of its day, yet I am free to say now that were I chairman of that committee and had I the opportunity, I would not bring that bill into Congress. As I say, conditions have changed so that it is inapplicable.

The mail bill which was passed as a substitute for the tonnage bill has subserved the interest of the American marine; and I was glad to hear the testimony of Mr. Smith, of the New York and Cuba Line, on that point. At the time of the passage of that bill the question was asked by Mr. Springer, of Illinois, and others, if I felt satisfied. I said yes, fully satisfied. I felt satisfied that there had been an entering wedge made on a question which had never before been reached in the country, however inadequate the rates were that were named in that bill, and however unfair they were toward myself and my committee at that time when they were ground out of us, the two-third rate that was maintained in the bill has been the supporting element to the American merchant marine and an object lesson for future legislation. So much is this evident, after thirteen years of experience, you have to take and amend the very bill of the Fifty-first Congress in slight particulars. And in way of history I desire to say that the tonnage bill, if it had passed, and it was beaten by only two votes in the House, would have obviated the necessity for any session of this commission to-day.

The mail bill was passed by a majority of 19. The Republicans who had not voted for the tonnage bill voted for the mail bill, and probably 14 or 15 Democrats voted with us. The opposition to the measure to benefit the merchant marine at that time caucused five times among the Democracy; and its advocates, the Republicans never caucused once.

The contention of all of us at that time, as it is with me now, is that this question ought to be taken out of politics teetotally. [Applause.] It is thoroughly a commercial question, and more than that, it is a national question. [Applause.] I wish to say now as I said thirteen

years ago on the floor of the House that it is nation against nation that is fighting for command of the seas and foreign trade. [Applause.] From the report which accompanied that bill I desire to reproduce these expressions of well-settled opinion, not as the keynote of protection as to making money, not of protection as to making markets, but insuring protection to the whole interests and the whole people of the United States. [Applause.]

#### TRUTHS SELF-EVIDENT.

"In the present state of maritime advancement so much of the power of nations is exerted and shown upon the sea it is not less a matter of state necessity than of commercial policy that on the same arena our own nation should renew its power.

"What, then, are the means of maintaining our rank among the nations, of insuring our march to greatness and repute, respected for our justice and blessed for our goodness, our rights undisputed, and our peace secured? Those means are the ships and seamen, the merchants and mechanics, the labor and capital of our own country employed in active foreign commerce. These resources, as precious as they are simple, must not be blasted and destroyed. If wisely cherished they will always furnish indispensable requisites of our naval power. They are essential to that object, and that is indisputable.

"Shipbuilding is a military art. Navigation is an expedient of war. In these respects these trades differ from every other branch of industry. Hence it is the national interest in these arts must always be a vital one. Merchant fleets are but navies needing guns. By traffic they seize the sea in time of peace. By cruising, blockade, and battle they hold it and conquer in time of war. Foreign merchants, always encroaching on our own, are but emissaries and invaders seeking spoil. The mechanics who build their fleets, and the seamen who sail them, have a military as well as civil character. Their work is a constant warfare in the interest of their nation, increasing its wealth and heightening its power." [Applause.]

#### A "LOCAL QUESTION."

As is said in the Declaration of Independence, these truths are self-evident; and I wish to impress on this Commission as I would the people, through the press and otherwise, that this question is wider and greater than any other problem before the American people to-day. Were it possible to take into account the amount of money the United States has expended for what is called the public welfare and compare it with the little measly sum that the American ships engaged in foreign and domestic commerce have received from the United States, it ought to put to shame our national legislators, because I thoroughly believe our relief, our help ultimately must come through Congressional legislation.

And, when considering the insignificant help extended to the American merchant marine interests by Congress, place in contrast the \$370,000,000 voted by Congress for the improvement of rivers and harbors up to the year 1900, and the 197,000,000 acres of public lands granted by Congress to States, Territories, and corporations to aid in construction of railroads. Every river and harbor act is a subsidy;

and yet the opponents of marine subsidies greedily snatch their portion out of the river and harbor "pork barrel" subsidy. It would appear that political consistency respecting subsidies is a "local question."

Our main difficulty in reaching success has been that the people of this country have not been educated up to this question. More than that, I wish to say with due deference and in all kindness, in my contact with Congressmen since I left Congress, in each succeeding one as bills have come from the Senate to the House and have received consideration to the extent of hearings, I have been astounded that even the first principles involved in these questions seem to be misunderstood or not known at all, or so dimly understood that they have effected nothing. Now, it is well-known to all of us that when Congressional documents—the hearings of this Commission, for instance—get out, they reach few hands. The press may be an auxiliary and a help, but I believe that the friends of the American ship ought to go into the field and positively show the immediate benefits of rehabilitating the merchant marine and of having legislation that will stay by, protect it, and defend it through and through.

#### STRIKING FIGURES.

Mr. Chairman, I wish for a moment to call to your attention a few figures that are necessary probably to comprehend what I shall say further on. In 1870 our internal commerce was \$7,000,000,000. In 1903 our internal commerce was \$22,000,000,000, three times greater in thirty-three years. In 1870 the international commerce of the world was \$11,000,000,000. In 1903 it was \$22,000,000,000. In other words, the internal commerce of the United States of America to-day is equal in amount to the whole international commerce of the world.

Another feature: Between 1890 and 1902 the world's gross tonnage increased from 13,000,000 to 26,000,000. It doubled. In that time British tonnage increased from 8,250,000 to 13,500,000, and the German proportion from 928,000 tons to 2,601,000 tons.

Mr. Chairman, without discussing free ships or discriminating duties or bounty for exports, I merely want to say one thing: In 1828, when we put on partial free trade by adopting maritime reciprocity, we worked the ruin of the American ship. When they ask for free trade in ships—free ships—I want to warn all politicians in this country that the minute they attempt to abolish the whole trade of shipbuilding in America they will find that the votes of 2,000,000 trade unionists in the American Federation of Labor will sink into oblivion the party which tries it.

The maritime reciprocity of 1828 was followed up by the maritime reciprocity of 1848; Woodbury of one, Meredith of another——

Senator MALLORY. You date the decline of American shipping from the year 1828, when we changed the policy as to discriminating duties?

Mr. FARQUHAR. Yes, sir; with just one qualification, that it took Great Britain until 1845, though she was the instigator of it at that time, to make it complete toward herself, and it was only in 1849 that Great Britain ever proclaimed a law accepting it.



## A PLAN TO SUBMIT.

Mr. Chairman and gentlemen, I have a plan to submit to you for the rehabilitation of the marine. It is somewhat new. I think it is almost entirely new. It is a matter which has been brought to my attention during the last three years, and I have made quite a wide investigation of the question through foreign embassies, through the Commissioner of Navigation, through the United States Bureau of Statistics, and otherwise.

In short expression, I desire that the American rail, the rail of the transcontinental roads and of the trunk lines of the East, shall be, figuratively, extended to every great trading port in the world. [Applause.] You may plead to eternity and you can not get the money to build American ships under present circumstances. Money will not be forthcoming. Here is little Jersey, where corporations are yearly formed with billions of capital. Where do you find anything at all, unless it is in the nominal incorporation of a merger, being invested in a ship? Under somewhat of a stimulus, expecting the Frye-Hanna bill to pass in a late Congress, some people did venture in and invest some money. But I understand from what was said before a committee in Washington that they regretted very much that they had ever spent a dollar in new ships. I can not very well enter into the question as to why such an investment can not be made, but I state here just the bald proposition, that there is no opportunity, apparently, for American money to go into the American ship.

We can not build a marine without money, without management, without skill. In every nation on the face of the earth there are only three great conditions that make for all its wealth, and those are the products of the country, the skill of its inhabitants, and the carrying trade. Great Britain has all these three. We have two, and we lack only the carrying trade to complete it in order to reach the wealth of the world.

## RAILROADS AND SHIPS.

Now, my proposition is, or I simply suggest or make the request, that this Commission may consult with leading railroad men of the United States to know how the views, which I will probably crudely present to you, meet their views. Already quite a number of roads have considerable tonnage afloat. The present mail subsidy bill is inadequate to induce them to increase it any more. First of all, one difficulty has been that we have not really had the trade to justify it; and another thing is that until the trade is made, you have to take the accommodations you find.

Now, suppose it were possible for the five transcontinental roads to enter into what may be called a world's bill of lading. Take a bill of lading from Boston clear to Hongkong, the whole inland transportation controlled immediately by them, their own ships, and their own transfer made on the Pacific coast to their own warehouse and receiving officers in Hongkong or elsewhere in the Orient. Do you not see that you will immediately get the advantage of stability, of money, of management, of skill? But, above all, you will have Americans to do American work, Americans to sell American goods, Americans to sail American ships, and every dollar that is made on it will ultimately come into the coffers of our own people.

## THROUGH BILLS OF LADING.

There is another advantage: The economies that exist in making a through bill of lading would cover measurably the differences in the cost of constructing a ship and the cost of operating her. In other words, having some skill myself in making railroad rates, a road can hide in an American bill of lading from Boston to Hongkong or any other port on the normal lines of commerce, every single one of the construction bounties, operating bounties, wages, and every other drawback to maritime success, and the public will not know the difference and the railroad will not lose a cent.

Let me call your attention to another feature. Nearly half of the foreign trade is secured under just one word—a word that you hardly ever hear in Congress, or out of it, or see in your newspapers. That word is “preference;” that is the commercial term—preference; and until a nation and until the traders of a nation are able to reach into a foreign port and control that word “preference,” they are going to take second, third, fourth, or seventh place. To-day view the whole Chinese trade, and every American who has an established trade there has gone in person, and they have had to place the American trade there entirely in the hands of English or Germans or Chinese, or whoever could be picked up. The skilled American drummer is not there, except infrequently. You have Curtis’s letters, which are published broadcast—a man coming in contact daily with commercial men and everyone else, and you see the complaint therein that the American is shut out from the market for the lack of preference.

## BUSINESS WE WANT.

Now, what I want is this: If the railroads will agree to extend our shipping, if they will agree to make a bill of lading clear through from ocean to ocean, I am certain the people will agree that even a modification of present custom rates is commendable; and if Congress will modify them we will have American ships controlling the whole transportation from beginning to end. We will have American warehouses where the American drummer can go and place his goods, and have a friend there who will keep the thieves from breaking in on them and prevent competitors from picking up the secrets of the trade. In other words, we start American, we go to the end American, and we return American. It is a monopoly. I care not how wide they make it. All great enterprises are monopolies. Every subsidy is a monopoly. Every street car line is a monopoly. Every Bell telephone is a monopoly. Could you take away the Bell telephone and do business? No. Could you take away the street car and do business? No. The initial of all these things was a monopoly, and legislators ought to wear blinders if they get scared about subsidies or initial monopolies. It is business we want. I do not go into the ethics of it. As Havemeyer has said, there is no ethics in business. Business is business, and what we want is American business where we have not got it now.

Mr. Chairman, inform me when you get tired. I wish to take up other authorities for a moment. In the report of the Commissioner of Navigation for 1903 there is printed, commencing at page 268, one of the most complete reports on subsidies ever written in the world. I wish to say that in everything I have in my own library, and in every-

thing I have ever read in a public library, I have never found as complete a report as that of Cecil's, in the British House of Commons. It is impartial. It criticises the British system and gives fair and square reasons——

The CHAIRMAN. Where is it to be found?

#### BOUNTIES AND RETALIATION.

Mr. FARQUHAR. Commencing on page 268 of the report of the Commissioner of Navigation for 1903.

Let me, without reading all—of course it will be printed—come to this railroad question. I desire to say now, preliminarily, so that you may understand me as I go along, that the main thing that has built up German commerce to-day is her preferential rates on the State railroads of Germany. We have had talk here about differential duties—differentials they call them here. I do not know why. They are discriminating duties. When an export bounty was put on sugar in Germany what did the United States do? It put on a countervailing duty. I wish to tell you that when you commence monkeying with the tariff, when you try any horizontal reduction or any horizontal advance, you will be in deeper water than you ever got into in all your legislative life. More than that—there is not a nation which has a bit of pride or power that will not immediately, when you put on your bounties, put on a penalty bounty to meet you and shut you out of its markets; and they are fools if they do not. We have done it. We have done it with German sugar and equalized the rates, and every nation that knows anything about business will do the same.

In this report of the committee of the British House of Commons the author speaks of the German method as follows:

"The indirect forms of bounty are chiefly two: (1) Exemptions from payment of customs duties, and (2) preferential railway rates."

The committee use the expression "indirect forms of bounty." That is the very expression I want to impress on this Commission. What I propose here in respect of the cooperation of the railroads of the country in building up the merchant marine is indirect. I do not want any direct legislation at all. I want to let well enough alone. I am willing, and I think the railroad men are willing, to have the export rates as we have them to-day, and let them stand without any amendment whatever.

Senator MALLORY. What do you mean by export rates as they are to-day?

#### EXPORT AND DOMESTIC RATES.

Mr. FARQUHAR. I am very glad you have asked me that question. Before I left Washington I went to the Interstate Commerce Commission and got some figures that were called up by that horrible Elkins bill—the bill that was a terror, I understand, to a great many people in New York, in Wall street especially, and to railroad men, or some of them. Of course we do not now know that there is any terror in the Elkins bill, because the roads have accepted it, and they have gone right ahead and made reports regularly, and anyone can go to the Interstate Commerce Commission and find every day, almost, the export rates. I do not care to read all of them, but I will ask that you

print these tables, because they are tables which have never been published. In other words, each table is a composite. It was made up from a whole series of tariffs and other data only four or five days ago.

From Chicago, Ill., for instance, on agricultural implements and binder twine the regular rate to Boston is 33 and the export rate is 25. To New York the domestic rate is 30 and the export rate is 25. To Philadelphia the domestic rate is 28 and the export rate 23.

On grain the domestic rate to Boston is 19.5, the export rate 13½ and 15. To New York the domestic rate is 17.5 and the export rate 13½ and 15.

On iron and steel the domestic rate to Boston is 30.5; the export rate is 18.5. The rate is almost cut in two for export.

To New York it is 27.5 for domestic service, 18.5 for export.

Now from Pittsburg on articles of iron and steel manufacture, by the carload, the domestic rate to Boston is 16.5, the export rate 9.5.

To give you a contrastive view of the differences between domestic and export rates I have selected these at random. In explanation of the tables I would state that No. 1 shows a comparison of the rates on domestic and export traffic from Chicago and East St. Louis to North Atlantic ports on the commodities named. At the present time there are no commodities, other than shown in the table, on which there is an export lower than the domestic rate through North Atlantic ports. The rates from Chicago to New York form the basis for rates from territory north of the Ohio, east of the Mississippi River, and west of a line drawn from Buffalo, N. Y., to Pittsburg, Pa., to Atlantic seaboard points, the rates from points in that territory being made a percentage of the Chicago rates. In all cases, therefore, where there are export rates from Chicago there are also export rates from all points in the territory described.

Table No. 2 shows comparison of domestic and export rates on iron and steel articles from Pittsburg, Pa., to Boston, New York, Philadelphia, and Baltimore.

Table No. 3 shows comparison of export and domestic rates from Kansas City to Galveston, Tex., and New Orleans, La., on the articles named.

#### No. 1.

*Statement showing comparison of rates on various commodities (shown below) for domestic and export purposes from Chicago and East St. Louis, Ill., to Boston, New York, Philadelphia, and Baltimore.*

		Rates in cents per 100 pounds, unless otherwise shown.							
From .....		Chicago, Ill.							
To .....		Boston, Mass.		New York, N. Y.		Philadelphia, Pa.		Baltimore, Md.	
Commodities.		Domestic.	Export.	Domestic.	Export.	Domestic.	Export.	Domestic.	Export.
Agricultural implements and binder twine .....		33	25	30	25	28	23	27	22
Glucose and grape sugar .....		27	20	35	20	23	18	22	17
Glucose (in tank cars only) .....		22	16½	20	16½	18	14½	17	13½
Grain .....		19½	{ 13½ 15 }	17½	{ 13½ 15 }	15½	{ 12½ 13 }	14½	12
Grain products .....		19½	15	17½	15	15½	13	14½	12
Billets, blooms, ingots, etc. ....		26½	16½	24½	16½	22½	14½	21½	13½
Iron and steel articles .....		30½	18½	27½	18½	25½	16½	24½	15½
Pig iron .....		25½	16½	23½	15½	21½	13½	21½	12½
Rails, iron or steel, new .....		26½	15½	23½	15½	21½	13½	21½	13½

Statement showing comparison of rates on various commodities (shown below) for domestic and export purposes, etc.—Continued.

		Rates in cents per 100 pounds, unless otherwise shown.							
From .....		East St. Louis, Ill.							
To .....		Boston, Mass.		New York, N. Y.		Philadelphia, Pa.		Baltimore, Md.	
Commodities.		Domes- tic.	Export.	Domes- tic.	Export.	Domes- tic.	Export.	Domes- tic.	Export.
Agricultural implements and binder twine .....		38	29	35	29	33	27	32	28
Glucose and grape sugar .....		31	23	29	23	27	21	26	20
Glucose (in tank cars only) .....		25	19	23	19	21	17	20	16
Grain .....		22½	16	20½	16	18½	15	17½	14½
Grain products .....		22½	17½	20½	17½	18½	15½	17½	14½
Billets, blooms, ingots, etc. ....		a\$6.10	ab\$3.80	a\$5.70	ab\$3.80	a\$5.30	ab\$3.40	a\$5.10	ab\$3.20
Iron and steel articles .....		35	21½	32	21½	30	19½	29	18½
Pig iron .....		a\$5.80	ab\$3.60	a\$5.40	ab\$3.60	a\$5.00	ab\$3.20	a\$4.80	ab\$3.00
Rails, iron or steel, new .....									

a Rates per ton.

b Will apply only on iron and steel articles destined to foreign possessions of the United States when exported direct from the railroad terminal, and said special export rates will not apply when such shipments are forwarded to or through a navy-yard and subsequently shipped by Government transport.

INTERSTATE COMMERCE COMMISSION,  
AUDITOR'S OFFICE, May 19, 1904.

## No. 2.

Statement showing comparison of rates on various commodities (shown below) for domestic and export purposes from Pittsburg, Pa., to Boston, Mass., New York, N. Y., Philadelphia, Pa., and Baltimore, Md.

From .....		Pittsburg, Pa.							
To .....		Boston, Mass.		New York, N. Y.		Philadelphia, Pa.		Baltimore, Md.	
Commodities.		Domes- tic.	Export.	Domes- tic.	Export.	Domes- tic.	Export.	Domes- tic.	Export.
Articles of iron and steel manufac- ture, L. C. L. (per 100 pounds) .....		\$0.20	.....	\$0.17½	.....	\$0.16½	.....	\$0.16	.....
Articles of iron and steel manufac- ture, C. L. (per 100 pounds) .....		.16½	\$0.9½	.14½	\$0.9½	.13½	\$0.8½	.13	\$0.8
Billets, blooms, borings, crop ends, ingots, muck or puddle bars, old car wheels and axles, old rails, scrap iron or steel, scrap tin and slabs, C. L. (per gross ton) .....		3.00	1.75	2.60	1.75	2.40	1.55	2.30	1.45
Pig iron, C. L. (per gross ton) .....		2.80	1.60	2.40	1.60	2.20	1.40	2.10	1.30
Mill cinder and scale, C. L. (per gross ton) .....		2.80	1.75	2.40	1.75	2.20	1.55	2.10	1.45

INTERSTATE COMMERCE COMMISSION,  
AUDITOR'S OFFICE, May 19, 1904.

## No. 3.

Statement showing comparison of rates on various commodities (shown below) for domestic and export purposes from Kansas City, Mo., to Galveston, Tex., and New Orleans, La.

		Rates in cents per 100 pounds.							
From .....		Kansas City, Mo.							
To .....		Galveston, Tex.				New Orleans, La.			
Commodities.	Domestic.		Export.		Domestic.		Export.		
	Proportional.	Local.	Proportional.	Local.	Proportional.	Local.	Proportional.	Local.	
Wheat .....	33½	38½	12	15	19	24	12	15	
Flour .....	38½	43½	12	15	19	24	12	15	
Other grain .....	26½	30½	12	13	17	21	12	13	
Walnut lumber, logs .....		(a)		25		31		25	
Blue stone .....		75		35		35		35	
Pig lead and spelter .....		54		23		28		23	
Ore (zinc or lead) .....		39		20		41		20	
Bones, hoofs, and horns .....		75		21½		21½		21½	

a No rates.

INTERSTATE COMMERCE COMMISSION,  
AUDITOR'S OFFICE,  
May 19, 1904.

Senator MALLORY. Let me ask you a question right here. Is the distinction between the domestic and the export rate to the seaboard for export or is it under a through bill of lading?

Mr. FARQUHAR. One bill of lading.

Senator MALLORY. A through bill of lading across the Atlantic?

Mr. FARQUHAR. A through bill of lading. You will have the bill of lading, the western one, drawn from Chicago down to the Ohio on a line drawn through Pittsburg and up to Buffalo—

Senator MALLORY. I do not think you understand me. Take Minneapolis on a shipment of flour to London. Does the bill of lading give in one lump the railroad rate and the steamship rate?

Mr. FARQUHAR. Not always.

Senator MALLORY. Are those the rates you refer to?

Mr. FARQUHAR. Yes, sir.

Senator MALLORY. Or is it that for exportation there are certain rates and for domestic transportation to the seaboard there is a different rate?

Mr. FARQUHAR. This is the rate for all commodities that come under the export rate itself.

Senator MALLORY. That does not answer my question. What I wish to get at is this: Is there not a still lower rate for export on a through bill of lading from Minneapolis, say, to Europe?

Mr. FARQUHAR. No.

Senator MALLORY. There is not?

Mr. FARQUHAR. No.

Senator MALLORY. I thought there was.

Mr. FARQUHAR. I will explain to you just why.

## INDEPENDENT OF CONFERENCES.

In the ocean carrying trade of the North Atlantic there is a conference, and unless you hit a tramp or an independent boat you are compelled to pay the regular going rate of the liners. But if the

American railroads would bill this tonnage and make their own through bill, they would stand independent of conferences. That is the very point I wish to bring out—the total independence of American goods carried in American bottoms.

Senator MALLORY. If you permit me, what I understand is to some extent done to-day is this: The American railroad from the interior to the seaboard makes a special rate for export on sea transportation lines and knows exactly the rate that will be charged for that transportation. Those rates are reduced?

Mr. FARQUHAR. Yes. That is reached entirely by our railroad men by simply adding to the rail rate the going ocean rate which they get by wire from Boston, New York, Baltimore, Philadelphia, Galveston, or Newport News. They can not control the ocean rate, but if the railroads will join in and build up an American marine, they will control all without conference or interference, so that the economies of trade will be with them perfectly. In other words, the profits to be made on terminals, on transshipment, on brokerage, and even on insurance, will belong to the American railroad man and the American ship. I say there are sufficient economies in a world bill of lading to cover the difference in the cost of construction and operation.

#### AS TO LIGHTERAGE.

Representative MINOR. Is there not something in the difference in lighterage, which would be in our favor, a large interest in itself?

Mr. FARQUHAR. Yes, sir; decidedly.

Representative MINOR. Can you give us some light on that?

Mr. FARQUHAR. In respect to the rates?

Representative MINOR. Yes, sir; and in shutting foreigners out of the market.

Mr. FARQUHAR. Is this a question from the outside?

Representative MINOR. It was handed to me.

Mr. FARQUHAR. It would be  $2\frac{1}{2}$  or 3 cents.

Mr. Chairman and gentlemen, there is not a single bit of the cost that is now paid to foreigners, paid to outsiders, paid to private individuals who have nothing in common with the transit of goods, but that, if we had a through bill of lading from New York to Hongkong or Nagasaki or even Port Arthur—and also all of the economies that exist—would certainly come to Americans to overcome the difference in the cost of construction and operation. Take simply the transfer charge alone. Take this question which has come to me here with respect to lighterage. All of these, if they have half the facilities we have in Buffalo, would be immediately saved—the whole of them—as we do. A great many deprecate the fact that we have railroad elevators in Buffalo. God knows they are much better than the old elevators, when they used to divide 36 per cent a year.

Having, I hope, made sufficiently plain the character, scope, and utility of American export rates, permit me to call your attention to the German commercial policy of preferential railroad rates as set forth in the British report on subsidies. From the figures presented it can be readily seen why many British merchants, in order to maintain their foreign trade, have been forced to forsake their home market and buy German goods so as to gain the profit permitted by the preferential railroad rates. Several of the witnesses, especially from the colonies, urged the imperative need of combined rail and steamship rates, so as to

meet German competition, and the matter was finally left for the consideration of British railways and shipping companies. Of American competition the report says: "If American railway management unites with steamship management a very influential undertaking may perhaps be formed." Quite a suggestive forecast.

In order to give your Commission and the public a practical view of the results of the German preferential policy, I quote direct from the report:

#### GERMAN BOUNTIES.

"The indirect forms of German Government bounty are chiefly two: (1) Exemptions from payment of customs duties and (2) preferential railway rates. Exemption from payment of customs duties is accorded on all seagoing vessels and river craft, and on all materials destined for the construction, repair, and equipment of seagoing vessels, including the ordinary ship's gear—that is to say, ropes and rigging, anchors, chains, and sails; flags, compasses, sextants; cannons, muskets; carpenters' stores, axes, hammers, nails, hooks; boats and their appliances and engine-room inventory; besides all articles used for artillery or armament purposes for ships belonging to the German imperial navy. The above list applies only to manufactured or partly manufactured articles from foreign countries, but not to any raw materials, such as pig iron or unwrought copper. By way of further State assistance to the building of ships, certain of these articles are also granted the privilege of preferential railway rates on the German State railways.

#### FAVORING GERMAN STEAMSHIPS.

"The system of preferential railway rates is much more elaborately established in the official tariffs of the German East Africa and the German Levant lines. It is equivalent to an indirect bounty. Assistance is given by granting largely reduced rates of carriage by all German State railways to goods exported from inland places in Germany on through bills of lading either to east Africa or to the Levant, respectively, by the German East Africa Line or the German Levant Line steamers. These combined land and sea through rates of freights, which were introduced for the Levant Line on June 15, 1890, and for the East Africa Line on April 1, 1895, are lower than those in force for goods sent to German ports for direct exportation by sea. They attract goods to the steamship lines. \* \* \* But it should be noticed that the actual sea rates to Africa from continental ports and from British ports are the same, owing to the German steamship lines working in conference with the British lines to maintain uniform ocean rates.

"The differences in favor of German combined land and sea through rates of freight as against the British rates will be best appreciated by a perusal of some of the appendices to this report. The cost per ton of sending iron rails from Birmingham to Liverpool, which is 97 miles, or 156 kilometers, is 8s. 4d.; the cost per ton of sending iron rails from Oldenburg to Hamburg, which is 160 kilometers, is 3s. 4d. on the East African tariff and 3s. 2d. on the Levant tariff. Again, the cost of carriage of machinery packed for export from Leicester to Glasgow, 313 miles, or 504 kilometers, is 36s. 4d. a ton; from Wronke, East Prussia, to Hamburg, also 504 kilometers, it is 10s. 10d. a ton



on the East African tariff and 7s. 10d. a ton on the Levant tariff. The carriage of hardware from Birmingham to London, 111 miles, or 179 kilometers, is 21s. 8d. a ton; from Flensburg, Schleswig-Holstein to Hamburg, also 179 kilometers, it is 4s. 2d. a ton on the East African tariff, and varies according to the class of hardware between 4s. 1d. and 4s. 9d. on the Levant tariff. The rate for export bales of cotton from Manchester to Bristol, 175 miles, or 282 kilometers, is 22s. 4d. a ton; from Berlin to Hamburg, 279 kilometers, it is 8s. 7d. on the East African tariff and 4s. 1d. on the Levant tariff.

"The practical effect of these cheap through rates upon British trade will be considered in a subsequent paragraph. Suffice it to say at present that the reduced rates have been and are fixed in accordance with the experience gained in Germany as regards the working cost per train mile over long distances, and that the primary object is the building up, promoting, or increasing of German export trade to the countries in question, and the enabling it to compete successfully with the trade of other foreign States to those countries. From the German point of view the policy of all these direct and indirect subsidies has been thought a good investment and worth the money spent, but an element of success is the energy and enterprise of the recipient."

#### A POSITIVE NECESSITY.

I desire to say now briefly, without going into any discussion when it comes to these discriminating export rates, which are very well known to the general public, they are a positive necessity. You could not export goods without them. We could not pay the domestic rate and compete in the markets of the world. That is all there is to it. The railroads had to come down, and they did come down, and the result is that we have forced competition all over the world.

I wish to say further that a good deal has been said and will be said probably against the railroads and this Commission forming anything like a combination; apparently taking up just one character of business and providing for one class, and that the general public of America will be shut out. It will not harm a single line in existence to-day. They will have to move under their own contracts. What is wanted is to get hold of the oriental trade, and I will tell you why, Mr. Chairman, as you will appreciate it probably swifter than anybody present. Since 1897 the mills and factories of this country have been running on twelve months' time. The American wage has increased from 10 to 25 per cent. There never was a time when there was greater prosperity than there is now among our workingmen, and more peace.

Now, of manufactures there is a surplus. When we were working on the nine months' plan in this country we supplied the domestic markets. We never thought particularly of exporting. We did venture in structural iron to build bridges in Australia or Egypt or elsewhere, but never in the way of general trade and commerce did we attempt anything. Now we have this surplus, and it has been that surplus, I want to say, and to answer all objections to it, that has built up the foreign trade. The man who brought out the raw material was paid for it full value. The man who manufactured it paid the full union wage, all his local taxes, his State tax, insurance, and if he used borrowed capital, every cent of interest. Those are

American-made, union-made goods to-day, and they lie as surplus in the warehouse of the manufactory without a buyer.

Do you blame that man for finding a market for the goods in some foreign land as soon as he can and cashing in at the best he can the goods that do not compete in the domestic market with one single yard or pound of American production? I say it is no man's business where he sells when he has complied with these conditions as an American citizen. If the American wage is in it, and the American cost of material is in it, and the American transportation is in it, he will go over the world and sell where he can.

More than that, unless you can sell equal to or below any competitor in this world you will not get the trade. You have to have encouragement, just as I am showing here in syndicating, both for the inland and foreign commerce. You have to do it if you intend to reach the markets and, more than that, keep them.

#### COUPLING SHIPS AND RAILROADS.

I wish to submit one word more, and I will be as brief as possible, and that is this, Mr. Chairman: When I urge enlisting railroad men in our cause, I want to say that if you do you will enlist nearly 1,000,000 of the brainiest, ablest men who control affairs in the whole world. Mr. Hill spoke of it when he was here yesterday. Every man who has ever come in contact with the railroad men of this land knows that they are the supreme men, whether they are running a train in the wilderness in the West or in the most congested section of the East. Brains and money are in the railroad. What you want to do is to enlist that class of capital and talent on the main lines of commerce. Let all independents take what they can. Put on an adequate postal subsidy, which is fair play, and just pay for what you are getting, and you will win success. I do not believe there is another avenue of escape from utter disaster or an avenue of success for the American marine but simply to build up this combine as I propose, and then you will have the money and the experience and the management and American control on every ocean. I thank you. [Applause.]

#### STATEMENT OF EDWARD C. PLUMMER.

Edward C. Plummer appeared before the Commission.

The CHAIRMAN. Mr. Plummer, will you state in what connection you appear here?

Mr. PLUMMER. I am secretary of the Atlantic Carriers' Association.

The CHAIRMAN. Proceed with your statement, Mr. Plummer.

Mr. PLUMMER. Gentlemen, it is sometimes as important to hold an inquest as a wake.

I propose to point out the causes of the loss of and a method to restore our ocean shipping, and that without violating treaties or American traditions.

One hundred and thirteen years ago Congress appointed its first committee to investigate the need of the interest now intrusted to you. The committee then consisted of only one man, but that man was Thomas Jefferson. And though Congress had already done so much for shipping that our fleet engaged in the foreign-carrying trade was

prosperous and steadily increasing, Thomas Jefferson recommended such further and radical methods of assistance that he was openly charged in Congress with planning to destroy our foreign trade and to bring on a commercial war with Great Britain—words so familiar to-day.

#### JEFFERSON'S WORK.

But fortunately shipping was then treated as a nonpartisan question, though it is an interesting fact that the strongest advocates of Government aid for shipping at that time were the followers of Jefferson, while most of those who opposed increased assistance were Federalists; yet even those who opposed Jefferson's plans most fiercely, as will be seen from the severe speech delivered in Congress January 13, 1794, based their opposition on the admitted facts that shipping was already very prosperous, that we had already secured the carrying of more than one-half of our foreign commerce, and that, therefore, we should let well enough alone. But Jefferson, comparing navigation with our other great industries, realizing its supreme importance, met all opposition with these crushing words (Am. State Papers, vol. 1, p. 433): "Our navigation involves still higher consideration. As a branch of industry it is invaluable, but as a resource of defense essential. Its value as a branch of industry is enhanced by the dependence by so many other branches upon it. In times of peace it multiplies competitors for employment in transportation, and so keeps that at its proper level; and in times of war if we have not within ourselves the means of transportation, our produce must be exported in belligerent bottoms at the increased expense of war freights and insurance, and the articles which will not bear that must perish on our hands. But it is as a resource of defense that our navigation will admit neither neglect or forbearance. It is not to the moderation and justice of others that we are to trust for fair and equal access to market with our production, or for our due share in the transportation of it, but to our own means of independence and the firm will to use them." And they used them.

#### WASHINGTON'S EXAMPLE.

So well did Washington understand these truths that his record in behalf of shipping is superior to that of any other President. Not that others lack interest—he left nothing for them to do until his work has been undone. Three times he applied to Congress for legislation in behalf of American shipping, and three times those old patriots met his desires. In their reply to his last suggestion for still further legislation, in aid of our merchant marine, these members of Congress declared:

"The encouragement of our own navigation has at all times appeared to us highly important. It will be incumbent on us to consider in what mode our commerce and agriculture can best be relieved from an injurious dependence on the navigation of other nations."

What would they be doing to-day? The results of these efforts were fearless laws, giving the advantage of discriminations in tariff rates and tonnage dues to American shipping; and these laws so emphatically declaring that the nation's interests demanded the maintenance of a merchant marine sufficient for the ocean traffic of this country, left nothing to be added. Shipping flourished for more than

half a century. Congress turned its attention to other things, now and then tearing away bits of the bulwark which had been constructed around shipping until now, when those arguments of the nation's founders are forgotten, unfriendly interests have so impressed themselves on legislation that most of our Congressmen seem unable to realize that shipping can be a matter of vital interest to this whole country, but they are urged to look upon it as a sort of eastern hog, for which the Government is asked to provide fattening material. Thus it happens that to-day we may repeat the appeal of Edmund Randolph, one of the many appeals which found their answer in the legislation under Washington (Virginia convention, June 6, 1788). Said he:

"Cast your eyes to your seaports, see how commerce languishes; this country with every advantage that can render commerce profitable, through defective legislation is deprived of all those benefits. As it is the spirit of all commercial nations to engross the carrying trade, this makes it necessary to defend our commerce."

#### MADISON'S PLEA FOR SHIPPING.

And James Madison, who entered the Virginia Assembly in 1776, who was a delegate to the Continental Congress, a commanding representative in the Commercial Congress of the States, a member of the convention which considered the new Constitution, and a member of Congress during both of Washington's Administrations, in his masterly speech on the proposed British treaty of 1796, a treaty proclaimed to be necessary in the interest of "fair trade," made these declarations and these concluding predictions, which come home with such startling force to-day (April 15, 1796).

"I shall now, sir," said he, "consider the aspect in which the commercial articles of this treaty present themselves for consideration. In the free intercourse stipulated between the United States and Great Britain it can not be pretended that any advantage is gained by the former. It is well known that when our Government came into operation, the tonnage of America employed in the British trade bore a very inconsiderable proportion to the British tonnage. There being nothing on our side to counteract the influence of capital and other circumstances on the British side this disproportion was the natural state of things. As some small balance to the British advantages, our laws have made several regulations in favor of our shipping. Under this encouragement the American tonnage has increased in a very respectable proportion to the British tonnage, and Great Britain has never deemed it prudent to frustrate or diminish the effect of this by attempting any countervailing measures for her shipping, being aware, no doubt, that we could easily preserve the difference by further measures on our side. But under this treaty she has reserved to herself the right to take such countervailing measures and we have surrendered the right to pursue further defensive action. It is justly to be apprehended, therefore, that under a restoration of things to their former state the American tonnage will relax into its former disproportion to the British tonnage."

Such were the words of Madison, and nothing can more graphically illustrate the benefits of the wise legislation which he and Jefferson secured and the dangers of that policy which he opposed, and which, when his warnings were forgotten, another generation permitted to

succeed it, than a mere statement of our per capita tonnage engaged in the foreign trade during the years named. In 1790 there was 1 ton of shipping engaged in the foreign trade to every 31 of our inhabitants; in 1800 there was 1 ton to every 8 inhabitants; in 1810 it was a fraction better; in 1820 it was 1 ton to every 15 inhabitants; 1830, 1 ton to every 22 inhabitants; 1840, 1 ton to every 20 inhabitants; 1850, 1 ton to every 15 inhabitants; 1860, 1 ton to every 12 inhabitants; 1870, 1 ton to every 25 inhabitants; 1880, 1 ton to every 37 inhabitants; 1890, 1 ton to every 66 inhabitants.

It will be noticed that not until 1880 did our per capita tonnage in the foreign trade drop below the point to which England has squeezed it while we were legally in her power; that the loss between 1880 and 1890 was almost as great as that during the civil war decade. That in 1890 the amount was but one-half what we had before our Government was established, and that these "aggravating" forms of aid to our shipping did not hurt our export trade is shown by this table given for five-year periods:

Exports for—

1791.....	\$17, 571, 551
1796.....	67, 064, 097
1801.....	93, 020, 513
1806.....	103, 787, 000

A gain of 500 per cent in fifteen years. Under that policy of encouragement in shipping the United States became a leader among maritime nations. How we have fallen from that high state is shown by the following figures taken from Lloyd's Register English shipping (and here only vessels of 100 tons and upward are considered) 16,006,374 tons, the steamers alone numbering 8,553, of 14,193,582 tons. The United States stands with but 1,211 steamers, nearly one-half of them on the lakes. In modern tonnage Germany is already far ahead of us, her record being 1,425 steamers of 1,720,106 tons, while France is practically our equal in sea tonnage, showing 717 steamers of 1,153,761 tons. But the real force of these figures, the serious nature of our present national neglect of this giant industry, is brought out in the potential tonnage of these several countries, for a steamer can make more trips than a sailing vessel, and therefore her potential tonnage (the ability to carry freight) is far greater.

#### ENGLAND'S SEA POWER.

England has a potential tonnage of 36,907,579 tons, or more than one-half the entire tonnage of the world, Germany 7,345,747 tons, United States 6,003,704 tons. England now shows a gain of 2,250,000 tons over the figures of the preceding year. Thus England leads the world on the sea to-day as she has done for a century. How she gained this commanding lead is well stated in the Enc. Brit., vol. 21, p. 827, ed. of 1888. Says this frank British authority: "The shipping of the Italian Republics excelled that of England in the middle ages. In the sixteenth century Spain was far ahead of her. But both Elizabeth and Charles offered bounties for the building of large craft (100 to 200 tons) and the legislature was also assiduous in endeavoring to encourage this industry. The preference was given to English ships, English built and English manned, and was enforced in a manner that was prejudicial to the colonies. In 1790 her tonnage was 1,511,411

tons (United States 478,477 tons); 1830, excluding that of the colonies it amounted to 2,199,959 tons (United States 1,191,776 tons). British commerce received an enormous development unparalleled in history during the half century from 1826 to 1876. Shipping increased sixfold from 1840 to 1876."

It will be noticed that not only did shipping increase sixfold during a period of thirty-six years, during more than one-half of which time we were making our greatest record as carriers in the world's trade, but "British commerce received an enormous development" from the time we removed those differential aids from our shipping, and it should be remembered that England did not repeal her navigation laws regarding British built ships until 1849, when steam was coming to the front and she saw that her position would be improved. And she immediately (1854) had the business sense to put the management of her merchant marine in the hands of her board of trade that it might be pushed forward by the combined skill of experts, unhampered by the blunders of uninformed legislators; and constantly increasing millions have been expended unhesitatingly to carry out the plans of those men.

#### A SOURCE OF BRITISH WEALTH.

"Why should she do it?" The answer appears in the words of the secretary of the British board of trade in the second edition of his *Financial Essays* (Bell & Sons, London). Having given the vast amounts paid out annually for ocean carriage he declares (p. 174): "Adding together the 60,000,000 (pounds, not dollars) for freight and the 16,000,000 for miscellaneous charges, we arrive at a total of 76,000,000 (\$380,000,000 in round numbers) as the share for cost of international conveyance annually due to the United Kingdom at the present time." Continuing, he says: "A country with a large carrying trade may export little in the shape of commodities, and yet be to all intents and purposes a considerable exporter. This outlay in wages and provisions of ships' crews, in equipping and repairing ships, in insurance and renewals, and the profits it earns, are all parts of its exports, as much as if they were stored up as commodities. That all of these questions are substantial and not formal is shown by a signal example of how much our view of the foreign trade of the United States, as compared with that of England, would be altered by taking account of this. It is a nice question if the United States of late years has been reducing its indebtedness abroad." (This was written a dozen years ago.)

The vast importance of shipping as a mere money-making enterprise in which the whole nation is interested is brought out by the fact that the earnings of the British merchant fleet, for the year named by the secretary just quoted, was almost exactly the same as the net earnings of all the United States railroads for the same year. Employing more than 200,000 men in the mere operation of this merchant fleet, with wages amounting to \$50,000,000, consuming \$35,000,000 of provisions and requiring \$75,000,000 in repairs, those vessels show annual earnings in the foreign carrying trade of \$350,000,000 and sustain a business which justifies the annual construction of more than 800,000 tons of shipping, aside from the amount built for foreign owners; a total annual construction greater than the total amount of American shipping engaged in the foreign trade, and representing more than \$100,000,000

in construction expenses alone. These tremendous sums of half a billion of money annually distributed to English artisans, producers, and shipowners, present the real magnitude of this industry in which the people of the United States should share, an industry which calls for the products of, and furnishes employment to, nearly every other industry in the country. Why, the entire hay crop of the United States is only about the value of the earnings of England's merchant fleet (\$556,376,880).

#### THAT GIANT FLEET.

Our tremendous and high-priced wheat crop—so often called the mainstay of American prosperity—exceeds but little the earnings of Britain's merchant vessels (\$637,821,835), while the total exports of all our wheat and flour combined is but a fraction of the value of those earnings (\$87,795,104 wheat, \$73,756,404 flour—\$161,551,508). Even the immense value of our vast cotton exports—\$316,180,429—falls behind the earnings of that giant fleet which England has built up so quietly, and to the support of which we contribute annually such immense sums. To the unfair and sophistical question, "If others will carry freights for you cheaper than you can carry them yourselves, is it not best to let them do it?" I answer: Washington and Jefferson, Madison and Jackson all said "no;" and I am still hunting for better Americans than they were. England has said "no" to that question for three hundred years; Bismarck said "no," and Germany is reaping the benefit of his wisdom; France has said "no" and Japan has said "no" most emphatically; and the reasons for that reply—so well stated by the fathers of this nation in the days when all parties joined in building up shipping and in looking toward the ultimate good, instead of at the temporary objections which can always be so easily tossed at every distinctive national policy—have never been weakened.

#### WHY NOT "FREE SHIPS?"

To the question of "Why not free ships?" I answer, that the legislation with which Congress has burdened our shipping, aside from the fact of the higher wages paid, makes it impossible for us at present to compete successfully for the world's carrying trade—facts clearly established by the statistics collected during Mr. Cleveland's last administration. The fact that American ships are lying idle, or are being turned into barges for coasting service because they can not earn running expenses, to say nothing of their cost, is a complete answer to that question. There is one reason, and one alone, why any man acquainted with the shipping business would ask the privilege of putting foreign-built ships under the American flag and that is, to ram them into the coasting trade to compete with the high-priced American-built vessels now sailing there.

But there is another reason which I submit should be of itself conclusive against the policy of free ships. The chief reason why England is the shipyard of the world to-day is that the volume of her building is so enormous that her yards can specialize and duplicate, and to build an American merchant marine in her yards is merely to increase the volume of that business and, consequently, to increase that building advantage, while taking from the American yards the very volume of

work which is one of the most important things needed to insure cheap construction in the United States; so that free ships means the destruction of the American shipbuilding industry.

#### WHEN AMERICA LED THE WORLD.

If it were true that it would not be possible for us within a reasonable time to build vessels in America as cheaply as they can be built in Europe, then it might be the part of statesmanship to let the industry perish. But it is not true. We ever, so long as the Government permitted it, stayed in the van of shipping progress. We sent the first steamship across the ocean; we developed the clipper and the type of ocean sail carrier that is now copied by the world. In the fifties we had the finest steamships afloat, headed by the *Baltic*, of 2,800 tons. We then had on the ocean (1851) a fleet of 96 steamers, of nearly 100,000 tons, employing 4,548 men, and a coast steam fleet of 635 vessels, of 212,500 tons. (Cong. Globe, vol. 21, pp. 745-1146, 1147, and Ex. Doc. No. 42, Senate documents of 1851-1853.) And one of the men who helped to place us in that high position, and one of those statesmen who fought so ably to secure additional support and additional bounties to those fine ocean steamers in their war with the Cunarders, was Senator Lewis Cass, of Michigan, who had been Secretary of War under Andrew Jackson, and could recognize the "Old Hermitage" brand of statesmanship.

#### BLUNDERS OF CONGRESS.

Given the same opportunities, the same volume of business, and the same encouragement to equip and supply shipbuilding plants, and the Government aid required while we create American experts in each department of shipbuilding, a result only possible of attainment when the amount of work is sufficient to keep men steadily employed in their one particular branch of construction, there is no question but that we can build ships in America as cheaply as they build them in England. Our steel bridges and locomotives prove that, for you put a locomotive in a steel bridge and you've a steamship; and shipping has a claim on Congress different from and greater than that of any other industry, for this, among other reasons: When the civil war closed there were nearly 1,000,000 tons of American shipping under foreign flags, put there for preservation and to hold the trade which had been built up by American merchants until peace should come; and Congress refused to permit those vessels to return to the flag, compelled the American millions of capital to remain in them to build up our competitors' fleet. Then Congress put such a tax on iron that it could not be used for ship construction, a mistake attempted to be rectified after we had practically struggled out of existence in our heavy wooden ships and when free material in taxed yards could avail us nothing; and thus that great industry is dying. One party having assisted in pushing it into the grave, the other won't let anybody help it out; and about once in four years they both hold up their hands and say: "Alas, poor Yorick." Probably that remark is of great assistance to poor old Yorick, who's getting in about his last kick.

Subsidies are open to the objection that they are not self-regulating and may continue beyond the period when they are actually justified,



while discriminating duties will necessitate the abrogation of treaties and may mean an imposition of duties on goods now imported free, while practically failing to reach the rich passengers of the great ocean liners. But the policy pursued by England in the use made of her light dues, the policy followed by our forefathers in the imposition of high tonnage taxes, offers a solution both simple and sure and one that can be put in force at once. The total entries of vessels at United States ports last year (Com. of Navigation Rept., p. 120) amounted to 24,697,692 tons, of which 20,816,656 was foreign and but 3,881,036 tons American. Had a uniform tonnage tax of \$0.50 per ton (the old foreign rate) been uniformly collected from these vessels it would have made a marine fund of \$12,348,846, of which the foreigner would have paid \$10,408,328, while the American would have paid but \$1,940,518.

#### A TONNAGE TAX FUND.

This fund could then have been distributed among all vessels which engaged at all in the foreign trade according to tonnage and miles sailed, on principles something similar to those of the fishing bounties which this Government formerly paid. As the amount of American tonnage increased, the contribution of the foreigners to this marine fund would decrease, the amount of money which American ships would receive would likewise decrease, and when we had attained the half of our carrying trade, which amount Fisher Ames declared to be our fair proportion, the sum which each vessel would receive would be so small that it would just about equalize the difference caused by our higher wages and better food, and there would be no inducement to an undue enlargement of our fleet. The details are matters of mathematics; I shall not go into them here, but I will point out that to this legislation our treaties are a protection instead of an obstruction. As this is a plan which can only benefit while the beneficiary is in the minority, it can not be used against us. For example: England can not put such a tax on us, because she would be compelled to put it on the vessels of other nations with which she does business; she can not discriminate against us under the treaty, and her commerce will not permit that general taxing. Germany can not use it against us for the same reason; she would have to put it on English vessels, and then what would become of those "made-in-Germany" goods which find such a market in Britain? We could not do it successfully if we were a great carrying nation, but unfortunately on that score we are oppressively safe.

What would be the result? The same that we achieved in the days when the Government gave us a chance. We always paid our shipwrights higher wages than were paid in any other country, though compelled to gather our material from all along the Atlantic coast, but we developed the typical American vessel, and we took the business.

You could tell those swift Baltimore clippers the minute their great sails broke through the horizon.

Europe bought and copied them, but there was the something in them and in the man at the wheel that she could not copy—the same intangible something that appears on the waters of New York Bay every time the experts of England come over here and take a cursory glance at the cup.

A gentleman said we did not know how to build vessels. We would do what we have done on the Great Lakes. There is a type of vessel you can not find elsewhere on the globe—more than 1,000,000 tons of characteristically American craft that can transport freight cheaper than any other water craft afloat; and still the owners of those vessels pay their builders and crews the high American wages.

There is an inkling of what we would do in the giant freighters building at New London, and there is where the farmers and other exporters of this country are vitally interested in shipping. J. J. Hill sees that.

#### TO SAVE THE FARMER.

With the great wheat regions of Canada being so rapidly developed, with those railroads and subsidized English steamers supplied to insure Canadian products the cheapest transportation, where is the great western farmer going to be when that imminent struggle for agricultural supremacy comes on? What can save him and what can save other American exporters their foreign markets? Only the one thing of American brains developing cheap methods of transportation that can afford to carry to market the corn which the Kansas farmer has so often burned, and the goods which Jefferson foresaw must otherwise perish on our hands. That, I submit, is the ultimate problem before this Commission. Marine engineering does not stand still. The steam freighter of fifteen years ago is passé. Size has been the great factor there. But now comes machinery. We have not a satisfactory water-tube boiler; we do not know what oil fuel means; we can not tell the possibilities of the turbine engine. But we do know they are all in the air and liable to fall any minute. And when they fall there will be a fall in freight rates that will put the present steam freighters out of business, and we do not want to be loaded up with them.

What will bring these things down the quickest and save millions in the cost of transportation? American brains, as they have always done, and the sooner you set them to work the sooner that great saving will begin.

Why do we not have American sailors? Because the total number of our vessels—ocean, coasting, and Great Lakes combined—is constantly decreasing. In spite of our giant coasting fleet we have 8,000 less vessels than we had in 1868. In the fifties men left \$3 and \$4 a day in Bath to live in an ill-smelling hole called a forecabin and eat out of little wooden tubs for \$12 to \$15 per month. Why? Because they dreamed of the day when they would be captain. Now about the only thing the sea dreamer can see ahead of him is the poorhouse, and he sheers off.

#### TRICKED BY OUR RIVALS.

We have been buncoed for thirty years. England says, "I do not charge you any tonnage tax," but she has been charging us light dues, which were a good deal bigger, and our lights are free. France has been giving us the glad hand for years, and meanwhile under some names that I can not pronounce she has been charging us a franc a ton every time we called on her, and pays her entire tonnage and sailing bounties out of these collections, and we have been letting her off for 6 cents. Is it not about time for us to say, "We are after you, my dear Gaston." Norway charges us 35 cents per ton.

And Germany! Well, it makes me blush the way Germany unloaded the gold brick of no national tonnage dues on your Uncle Samuel, and he strutted about with it bulging in his coat-tail pocket and banging against his legs until he found that the only way for him to take advantage of that privilege was to send his ships into Germany by rail, as the seaports had reserved the right to collect all the dues which the Imperial Government did not. And that is the way they have been handing things to the American merchant marine for thirty years, and the Government has been so busy with brown-tailed moths, and boll weevils, and garden seeds, and in elevating the rent of some \$3 post-office that it has not had time to protect this great industry; and still folks talk of retaliation. We have been smitten on both cheeks until the flesh is all gone, and now some Christian gentlemen suggest that we give our adversary a crack at the bone. I draw the line at the bone.

Most of the men who have addressed you have plead for an industry separate and distinct. I put the question on the ground where the forefathers put it. I read the words of their undimmed wisdom, and I find that it is the problem of the permanent prosperity of this whole country that is now intrusted to you. Do not think I exaggerate—it is true.

I thank you, gentlemen, for your courtesy.

#### STATEMENT OF F. B. THURBER.

F. B. Thurber, president of the United States Export Association, appeared before the Commission.

Mr. THURBER. Mr. Chairman and gentlemen of the Commission, involved in the subject of the American merchant marine are broader questions than the cheap carriage of our products, although this is important.

Every ship is a missionary of trade, and steamship lines work for their own countries just as railroad lines work for their terminal points.

It is as absurd for us to rely upon the ships of competing nations to distribute our goods as it would be for a department store to rely upon the wagons of a competing house to make its deliveries.

Everybody admits that a powerful navy is necessary and Democrats and Republicans alike are willing to vote a hundred millions a year for a Navy, but Democrats shy at the word "subsidy" and balk at spending 10 per cent of this amount in building up a merchant marine which would be an auxiliary Navy, nearly self-supporting in time of peace, a militia of the seas in time of war, and would save our producers in reduced freight rates annually more than the subsidy.

#### JEFFERSON FOR SUBSIDY.

To a business man this is incomprehensible, and I believe it to be one of the reasons why the country is unwilling to put the Democratic party in power. Jefferson and all the fathers of the Democratic party were advocates of subsidies. At any rate, it ought not to be a party question any more than a navy is a party question.

As to methods: To restore our merchant marine I would advocate following "the lines of least resistance," as indicated by our chief competitors for the world's trade.

First. Subsidies under the name of liberal mail pay.

Second. Subsidies to every ship available for an auxiliary navy.

Third. Subsidies to our fishing fleet, every one of which is a school-ship for our Navy, educating the men who take their lives in their hands when they man our torpedo boats or submarine destroyers.

Fourth. Subsidies in the form of a rebate in duties on goods imported in American ships, if this can be done without abrogating treaties containing the "Most-favored-nation" clause.

In short, any and all methods to get there.

For a nation with a greater coast line than any other nation, a nation with maritime instincts, a nation with a history of skill and intrepidity on the ocean from Paul Jones to George Dewey, it is a disgrace that American over-sea exports carried in American bottoms should have declined from 90 per cent down to 9 per cent when commerce on land has increased in a corresponding ratio.

#### POLITICS THE CAUSE.

Politics are at the bottom of this disgraceful situation. My brother and myself invested \$200,000 in the Roach Line to Brazil because we thought it a shame that an American merchant should have to send his letters to South America via Liverpool, and we lost every cent of it, as every other stockholder did, because the policy of our Government at that time was to pay only sea postage, which on a new line amounted to little or nothing. It amounted to about \$3,200 a year—a sum which did not pay the boat hire for landing the mails at the nine ports our steamers touched at, while little Brazil contributed about \$100,000 a year for a mail subsidy. If the great United States had done as much it would have been the straw that would have turned the scale between the success and failure of that line.

Grover Cleveland was President of the United States at that time, William C. Whitney was Secretary of the Navy, and Don M. Dickinson was Postmaster-General—all good American citizens in most respects—but political policy controlled, and John Roach, the pioneer steel shipbuilder, and as good an American citizen as ever lived, was held up in his naval contracts, was hounded into bankruptcy, and died broken hearted.

Such is politics, and if the word "subsidy" is to continue to be a political shibboleth, at which a large part of our good citizens shy, as a horse shies at an umbrella, we will wait a long time for an American merchant marine.

"DON'T GIVE UP THE SHIP."

From a debate which took place in the United States Senate, however, February 16, 1899, when the postal appropriation for a fast-mail train to the South was under consideration, I find some consolation. In this debate five southern Senators, Messrs Sullivan, of Mississippi; Money, of Mississippi; Bacon, of Georgia; Morgan, of Alabama, and Tillman, of South Carolina, while disavowing their belief in the general principle of subsidies, advocated it in that case, and I believe that politics will not always dominate business or patriotism and that Democrats and Republicans alike will join in sustaining the sentiment contained in the dying words of Commodore Lawrence, "Don't give up the ship."

As president of the United States Export Association at the present time, I have had to study what is necessary to get our goods into foreign markets. For two years I was also chairman of the committee on foreign commerce of the New York Chamber of Commerce, and during all my business career I have been a large shipper, seeking to get my goods into foreign markets. What we want to know is, how we are going to do it? I say, observe the methods that our successful competitors for the world's trade have observed, and do each and everything they have done to accomplish that end.

I am for subsidies for mail steamers; I am for differential duties, if they are practical in view of our existing treaties; I am for bounties, such as Mr. Hill advocated, or any other method which will enable us to get there; and it may be necessary to have some of each.

Now, Mr. Chairman and gentlemen, having said that, I have said all I could say if I were to talk for a month, and I thank you for the opportunity of saying it.

### PAPERS BY WM. W. BATES.

The CHAIRMAN. Is Capt. W. W. Bates present?

Mr. LINDON W. BATES, jr. Capt. William W. Bates has asked me to come before the Commission and submit to you two articles, one of which is "Our maritime reciprocity conventions examined in detail." It deals with the various conventions we have had at various times with foreign nations.

The other article is entitled "The question of policy for American shipping." In this paper Mr. Bates takes the view that direct subsidies are not constitutional. In the first place they involve a tax and in the second place history has shown them unsuccessful to a large extent. His remedy is discriminating duties on indirect commerce. He proposes to increase tonnage taxes on foreign ships, and to lessen duties on goods imported by American vessels. This remedy, he claims, is simple, requires no complex machinery, is perfectly fair, and was satisfactorily tested in our early history.

The CHAIRMAN. The papers submitted by Captain Bates will be printed in the record.

### OUR MARITIME RECIPROCITY CONVENTIONS EXAMINED IN DETAIL.

*Of foreign origin, of no use to American shipping, but the source of its decadency, and the loss of our carrying trade—all should be terminated forthwith.*

[By Hon. Wm. W. Bates, former Commissioner of Navigation.]

That our shipping in the foreign trade has long been in a state of decadence, and that the carriage of our oversea commerce has nearly all been lost, are facts widely known, but the cause of this adversity is not so well understood. The reason for this seems to be that it is easier to ascertain a fact than to search out the influence tending to bring it into existence. This is certain: Our merchant marine, in its early and palmy days, was the acknowledged "child of protection." This designation still obtains as to domestic trade, and we know that it continues to prosper. But our marine in the foreign trade, flourishing while protected, is now almost extinct, the significant fact being

that it is now run under a policy of "maritime reciprocity," which may be described as false "free trade." If it were real free trade, and competition was as fair as open, we should have held on much better, but conditions under our foreign-trade policy are not those of free and fair trade; while there is no protection to compensate the foul play of our rivals. Forgetful of important facts in vessel history, we have sages who tell us that our misfortune has overtaken us because it costs more to build and run our ships than foreign vessels. But it was always the case that foreign shipwrights and seamen worked for lower wages than American, while our builders had to import much foreign material and equipment; and it was certainly the fact that while our foreign carrying was protected we were not troubled with economic problems. These do not concern us to-day in our protected domestic trade; moreover, history has never taught that the shipping of the cheapest build and operation, with no other advantage, would beat its rivals.

The test of a policy is experience under it. Our present shipping policy having been gradually introduced, the country was unaware of its adverse tendency until after the civil war, when it came to be considered how best to rehabilitate our impaired carrying trade and to resume our place upon the ocean. It was then perceived that many disadvantages would attend our endeavors. That, in fact, before the war came shipbuilding had far outrun ship owning—we had a surplus of tonnage that could neither get employment nor command a sale, and from 1830 to 1861 we had lost 24 per cent of carriage in our own commerce, having during this period the most efficient shipping in the world. In this period metal ships and steam propulsion cut no adverse figure of consequence; wood and sail shipping did the world's freighting. But there was an influence at work cutting down our percentage of carriage and increasing foreign, even while our tonnage augmented. Throughout this period our Government was extending the mistaken and ruinous policy adopted in 1828. One nation after another was demanding its benefits and promising to observe the spirit as well as the letter of "maritime reciprocity," which professed to remove all distinctions of flag and to establish an open course to the fair competition of all nations, in the carrying trades of all.

But this policy soon became for us a contingency, a mere chance, and a certainty in favor of our rivals. All sorts of devices have been resorted to by them, to avoid fair and open competition, and to prevent the employment of American ships, even in our own trade. Our experience is more than ample to prove that the promises of rivals are undeserving of confidence, only means to an end, slippery and worthless. Depending upon fair play, we have played with the dice loaded against us; we have consequently been robbed of our shipping power, beaten and ejected. No one can maintain that the "convention" nations have not resorted to protection of some kind for the maintenance of their marines. Not one of these nations puts faith in the principle of a fair and open competition, or will sacrifice to it a single ton of its shipping. We have sacrificed to this Dagon almost our last fleet in the foreign trade. It is time, therefore, to cease steering by a false compass.

## THE CAUSE OF CHANGING OUR POLICY.

Our change of policy was not voluntary, as some suppose. We owe it to the aggressive disposition of a rival arrogating to herself the "sovereignty of the seas." Immediately after acknowledging our independence in a treaty of peace, 1783, the King proclaimed the closing of the ports of his colonies and islands in America to vessels of our flag. Only British bottoms could carry either way. Intending not to execute some of the provisions of the treaty, certain matters were delayed to our great annoyance. A war with France being declared in 1793, an occasion was furnished to seize our vessels, confiscate their cargoes, and impress our seamen. Under the Union and the Constitution we had arranged such regulations of commerce as were building up shipping and commercial power contrary to British interest. This must be stopped. War was imminent, for the provocation was intentional and very great. However, as it would be cheaper to beat us by diplomacy than by arms, it was intimated to the President that the British Ministry would make a new treaty. Judge Jay went to London and the treaty of his name was made, and, after vigorous debates in Congress, ratified.

In this treaty any increase of our ship protection by discriminating duties was forbidden, while it was stipulated that Parliament might countervail the duties then existing as to British shipping. The countervailing was excessive, not a port was opened, and the British won out. However, our flag still flew. Being neutral, it had an advantage that the British could offset only by interference with voyages, seizures, and outrages. From the first there had been advisers to the Crown that the best way to prevent America from becoming a naval power was to have perfect reciprocity in respect to ship protection—no protection on either side, in which case Great Britain would have many advantages for the object in view. In 1802, Parliament provided for this course, but our Government avoided the trap. In 1804, Congress established a discriminative "light money" tax of 50 cents a ton. This did not conflict with the treaty. Expostulations against the outrages on our flag continuing, a treaty was offered us in 1806 providing for reciprocal free trade—no ship protection on either side. This was rejected and England's misconduct grew worse and worse. Apparently, she wanted open warfare, so she might sweep our flag off the ocean. After years of insult and suffering, in 1812 we gave our hostile rival his coveted chance. Strange to say, he got all the naval actions he wanted—only two victories out of 13 engagements.

When peace came to be made another opportunity occurred to get our ship protection stripped off and British rivalry put on better footing. A "maritime reciprocity" convention must be made. The British demanded that the Canadian boundary be fixed along the south shore of the Great Lakes and preferred other unfair and extravagant claims. Our commissioners yielded as to the rights of our shipping. A convention for four years followed the ratification of the treaty of peace for reciprocal unprotection in direct trans-Atlantic trade, the colonial ports in America remaining closed. Thus our rival won out at last, a way having always been found to continue the agreement. This course of interference and coercion was resented by our people, but Congress thought it better to submit than to have warfare between

the countries. An act had to be passed authorizing the convention; in its terms it had to be general and its benefits offered to all nations. In thus changing our policy Congress violated the compact of union with the shipping States; a compact without which neither the union nor the Constitution would have eventuated. Nearly all the States had protective navigation laws, which were to be laid aside in consideration that the Federal Government supplied and enforced a uniform system for ship protection. Thus a part of our Constitution was nullified to conciliate an enemy, greatly to his advantage and to our detriment. After eighty-nine years of humiliation, but of great prosperity in other lines of national endeavor, our power should be sufficient to assert the supremacy of our Constitution and the rights of our shipping States.

#### ARTICLES OF RECIPROCITY WITH PRINCIPAL NATIONS.

As some may think our reciprocity agreements are useful, or can not with prudence be terminated, we will now examine them in order. First, we shall discover that these agreements are not important "treaties," but temporary undertakings, mainly as to ship protection. Of 42 in all, made from time to time, but 22 remain, the others having been terminated or nullified by the foreign nations concerned. No foreign nation has ever hesitated to exercise its right in the premises. These are that Congress may at any time terminate all such agreements on one year's notice, after the original term has expired.

*British "convention" for direct trade, 1815.*

#### ABSTRACT OF ARTICLES.

I. Freedom of commerce and navigation between the Territories of the United States and those of Great Britain in Europe.

II. Import and export duties no higher or other than chargeable to goods of other countries; no prohibition not extending to other nations to be imposed. No other or higher duties on British than American vessels, and vice versa. Equal duties on goods whether by British or American vessels. Same duties, bounties, and drawbacks whether by British or American vessels. Ports of the provinces and islands closed to American vessels.

III. American vessels may enter certain British East India ports on the footing of other nations.

IV. Consuls of either country may reside in the other.

V. About duration—four years—and ratification.

This convention was continued for ten years in 1818, and indefinitely extended by convention of August 6, 1827. The three articles follow:

I. Provisions of the convention of 1815 continued indefinitely.

II. "It shall be competent, however, to either of the contracting parties, in case either should think fit, at any time after the expiration of the said ten years—that is, after the twentieth of October, 1828—on giving due notice of twelve months to the other contracting party, to annul and abrogate this convention; and it shall, in such case, be accordingly entirely annulled and abrogated, after the expiration of the said term of notice."

III. Relates to ratification.

The "freedom of commerce and navigation," and the provision for consuls is not general, but limited on our part to ports in Europe. In no other case are we thus confined. There is no convention at all for indirect trade on either side. There appears nothing in this one necessitating its continuance, on our part, at the price of our shipping



power. We were twenty-six years without it, or a similar agreement with any country, and none were found essential to development of our navigation. The nations that have given up these conventions get along very well without them.

*Treaty of commerce and navigation, 1816-1818, with Sweden and Norway.*

#### ABSTRACT OF ARTICLES.

- I. Reciprocal liberty of commerce, security of traders.
- II. Swedish and Norwegian vessels to be treated as United States vessels in ports of latter, and reciprocally for American vessels.
- III. No discriminating duties on imports on account of nationality of vessels importing same, "from whatever place they may come."
- IV. Like stipulations as to exports.
- V. The colonies included in above stipulations.
- VI. Coastwise navigation reserved on both sides.
- VII. No discrimination in purchase or carriage of imports for Government use.
- VIII. Tonnage duties same as to other countries.
- IX. No restrictions imposed upon importations.
- X. No discrimination in duties, drawbacks, and bounties on exports and imports.
- XI. Vessels entering port, not wishing to unload, to depart free of duties on hull and cargo.
- XII. Vessels landing part of cargoes to pay no duties on remainder.
- XIII. Provisions for consuls.
- XIV. Provisions concerning deserting seamen.
- XV. Concerning shipwrecks.
- XVI. Concerning quarantine.
- XVII. Concerning revival of certain articles in the treaty of 1783 relating to vessels and "favored nations."
- XVIII. Concerning blockades unknown to vessels.
- XIX. "The present treaty to continue in force for ten years, counting from the day of exchange of ratifications; and if before the expiration of the first nine years neither of the high contracting parties shall have announced, by an official notification to the other, its intention to arrest the operations of said treaty, it shall remain binding for one year beyond that time, and so on until the expiration of the twelve months which will follow a similar notification, whatever the time at which it may take place."
- XX. Concerning ratification.

This negotiation, styled a "treaty," like others similar, is only a time agreement. It was the first one looking to the utter stripping and final ruin of our carrying trade, its third article providing that no protection should exist against Swedish and Norwegian vessels bringing imports from "whatever place," port, or country. In the convention of 1816-1818, which this of 1827 superseded, articles 3 and 4 provided for reciprocity, as between the carriage of goods by American vessels to Swedish and Norwegian ports from all the ports of the West Indies, and the carriage of goods by Swedish and Norwegian vessels from all the ports of the Baltic Sea into the ports of the United States, but the Senate refused consent to this, and the articles were omitted. In 1822, enlarging on this idea, Norway proposed reciprocity in the importation of goods from countries not her own—her vessels to bring from the ports of the world to our ports, and she to reciprocate—but Congress rejected the scheme. But policies change with administrations. John Quincy Adams did what Monroe declined to do. The "treaty" of 1827 was made and ratified before the act authorizing foreign vessels to import, under certain conditions, from "whatever place" in the world they pleased, was enacted. The bill was pending, but might have been defeated—and should have been. There never has been any use, much less advantage, in it for American vessels. To-day, there

is scarcely any carrying to or from these two Scandinavian countries; all that is done is by their ships, while they also carry of our exports and imports nearly one-third as much as we carry ourselves. Really, but for this "treaty" we should rarely see the Swedish and Norwegian flags in our ports. All they do takes so much employment from our own vessels—vessels whose trade our Government is under compact to protect by regulations of commerce. This "treaty" protects foreign shipping as against our own.

*Convention of navigation and commerce, 1822-23, with France.*

ABSTRACT OF ARTICLES.

I. Discriminating duties on goods exported in American vessels agreed upon for two years.

II. Discriminating duties on goods imported in French vessels agreed upon for two years.

III. No discrimination on goods for transit or reexportation.

IV. Quantities composing a ton of merchandise.

V. Duties on tonnage, light money, pilotage, port charges and brokerage not to exceed equal sums.

VI. Concerning deserting seamen.

VII. Duration of convention two years; if arrangement continues, as it may, extra duties at the end of two years to be diminished by one-fourth, and so from year to year, "so long as neither party shall have declared the intention of renouncing it" "at least six months beforehand."

Under our act of 1828, and of the French legislature meeting it (in 1862), French vessels now come with goods from all parts of the world, taking away the employment of our vessels, having no permission by treaty or convention. Besides their bounties, they have the remissness of our Government for protection. This remissness is worth more than their "Treasury aid," for proper regulations of trade would defeat that, so far as our "indirect" carrying is concerned.

*Treaty of commerce and navigation, 1828-29, with Prussia.*

ABSTRACT OF ARTICLES.

I. Reciprocal liberty of commerce.

II. No discrimination in duties on vessels.

III. No discrimination in duties on imports on account of nationality of vessels importing same from "any place."

IV. Explanation of above article—whether vessels clear and arrive direct or indirect.

V. No discrimination in duties on account of nationality of imports.

VI. No discrimination in duties on exports on account of nationality of vessels exporting same.

VII. Coastwise navigation reserved on both sides.

VIII. Neither party to give any preference to goods on account of the importing bottom.

IX. "Most-favored-nation" concession.

X. Concerning consuls and their jurisdiction.

XI. Concerning the arrest of deserting seamen.

XII. Certain stipulations in former treaties relating to circumstances in war time revived.

XIII. Concerning blockades and passing same.

XIV. Concerning disposition of real and personal estates.

XV. Duration of treaty—"in force for twelve years from exchange of ratifications; and if twelve months before the expiration of that period neither of the high contracting parties shall have announced, by an official notification to the other, its intention to arrest the operation of said treaty, it shall remain binding for one year beyond that time, and so on until the expiration of the twelve months, which will follow a similar notification, whatever the time at which it may take place."

XVI. Concerning ratification.

This treaty and a declaration of accession by the Grand Duchy of Mecklenburg-Schwerin to a treaty of commerce with Hanover constitute the agreement in force with the German Empire. This Empire is active in promoting German commerce and navigation by different sorts of protection, our country helping it by the neglect to protect our own. Next to Norway and Great Britain, Germany seems destined to engross our carrying trade. Each of these nations seems to enjoy peculiar advantages, not the least being our own impolitic adhesion to a bad deviation in statesmanship.

*Treaty of commerce and navigation, 1829-1831, with Austria-Hungary.*

ABSTRACT OF ARTICLES.

- I. Freedom of commerce and navigation.
- II. No discrimination in tonnage duties.
- III. No discrimination in duties on imports.
- IV. Preceding stipulations apply whether voyages be direct or indirect.
- V. "Most-favored-nation" clause—equality of duties.
- VI. No discrimination in duties, bounties, and drawbacks on exports.
- VII. Coastwise navigation reserved on both sides.
- VIII. No discrimination in purchase of imports on account of nationality of vessels importing same.
- IX. "Most-favored-nation" concession as to future treaties.
- X. Liberty to appoint consuls.
- XI. Concerning property and estates.
- XII. "The present treaty shall continue in force for ten years, counting from the day of the ratifications; and if twelve months before the expiration of that period neither of the high contracting parties shall have announced, by an official notification to the other, its intention to arrest the operation of said treaty, it shall remain binding for one year beyond that time, and so on, until the expiration of the twelve months which will follow a similar notification, whatever the time at which it may take place."
- XIII. Concerning ratification.

We have 20 ports where Austria has one. All the advantages accrue to her; though her cut into our carrying is small, her people not being inclined to the pursuits of the sea like those of some other countries. She subsidizes her lines of steamers for mail and war purposes, and pays the charges of the Suez Canal for all her tonnage passing that work.

*Treaty of commerce and navigation, 1832-33, with Russia.*

ABSTRACT OF ARTICLES.

- I. Reciprocal liberty of commerce.
- II. No discrimination in tonnage duties or charges.
- III. No discrimination in duties on imports on account of nationality of vessels importing same.
- IV. The same rule to obtain whether arriving from their own or from foreign ports.
- V. No discrimination in duties on exports on account of nationality of vessels exporting same.
- VI. No discriminating duties on account of nationality of imports—prohibitions to be general.
- VII. Coastwise trade reserved on both sides.
- VIII. Concerning consuls and vessel crews.
- IX. About apprehending deserters.
- X. Estates—how to be disposed of.
- XI. "Most favored nation" concession.
- XII. Treaty to extend to Poland—duration until January 1, 1839, "and if, one year before that day, one of the high contracting parties shall not have announced to the other, by an official notification its intention to arrest the operation thereof, this treaty shall remain obligatory one year beyond that day, and so on until the expiration of the year which shall commence after the date of a similar notification."
- XIII. Concerning ratification.

Russia has but a small marine in foreign trade, but her flag appears in our ports more often than our flag in her ports, save in the Pacific of late years; and of late Russia has resorted to various protective expedients. She pays subsidies to mail lines, and also the Suez Canal dues to tonnage in general.

*Convention of commerce and navigation additional to treaty of January 19, 1852-53, with the Netherlands.*

#### ABSTRACT OF ARTICLES.

- I. No discrimination in duties, drawbacks, and bounties on imports and exports.
- II. Reciprocity to extend to colonies.
- III. No discrimination in tonnage duties "from any place."
- IV. Coasting trade and fisheries excepted.
- V. Discriminating duties in favor of certain trade may be imposed.
- VI. This convention to be additional to that of January 19, 1839, "and shall, altogether, with the unmodified articles of that treaty, be in force for the term of two years, commencing six weeks after the exchange of the ratifications; and further, until the end of twelve months after either of the contracting parties shall have given to the other notice of its intention to terminate the same, each of the contracting parties reserving to itself the right of giving such notice to the other, after the expiration of the said term of two years. And it is hereby mutually agreed that, in case of such notice, this convention, and all the provisions thereof, as well as the said treaty of 19th January, 1839, and the provisions thereof shall at the end of the said twelve months, altogether cease and determine."
- VII. Concerning ratification.

#### ARTICLES OF TREATY OF 1839 INCLUDED.

- III. Privileges of consuls.
- IV. National vessels those with passports or sea letters.
- V. Concerning shipwrecks.

Dutch vessels bring twice as much from other countries as from their own. We carry to their ports but little, their vessels doing nearly all the trade both ways. The Dutch have been liberal to us from the first, and have never resorted to unfair tricks of trade to beat our vessels out of employment. They have been satisfied with their natural advantages and with the above conventions. This is no reason, however, for Congress to deprive our shipping of promised protection. We should not make enemies by excepting friends; and we should have no "favored nations."

*Convention exempting American vessels from the sound and belt dues with Denmark, 1857-58.*

#### ABSTRACT OF ARTICLES.

- I. Navigation of the sounds and belts to be free to vessels of the United States. (See III.)
- II. Concerning lights, buoys, and pilots.
- III. United States pays Denmark lump sum of 717,829 rix dollars in lieu of tolls from time to time.
- IV. "Most-favored-nation" privileges granted our citizens.
- V. Convention of April 26, 1826, except fifth article, revived, "it being, however, understood that a year's notice shall suffice for the abrogation of the stipulations of the said convention hereby renewed." [The same had been abrogated April 15, 1856.]
- VI. Time when convention shall be operative.
- VII. Concerning ratification.

ABSTRACT OF ARTICLES REVISED.

- I. "Most-favored-nation" concession.
- II. Freedom of commerce and navigation.
- III. No discrimination in tonnage duties on any account.
- IV. No discrimination in duties on imports and exports.
- V. Not revived.
- VI. Convention does not extend to colonies.
- VII. Reciprocal privileges to citizens in each country.
- VIII. Liberty to appoint consuls.
- IX. Consuls must obtain exequaturs.
- X. Rights of consuls, citizens of appointing States.
- XI. Duration of convention, ten years.

Denmark made prizes of our vessels during the Revolution, but when we had succeeded was anxious to have a treaty with us. It was 1826 before this eventuated. Even then claims were pending against Denmark for spoliations during the Napoleonic wars, to the amount of \$1,750,000. The sound dues were always an imposition upon foreign vessels. Our Government paid much more than our ships would have paid. There is nothing in our dealings with Denmark entitling her to our consideration. She never should have had a "reciprocity" convention. We have a valuable commerce which she is now free to and does exploit, while she has nothing to give in return for this privilege.

*Treaty of commerce and navigation, 1871, with Italy.*

ABSTRACT OF ARTICLES.

- I. Freedom of commerce and navigation and reciprocal privileges of persons.
- II. Right to travel and carry on trade.
- III. Security to persons and property.
- IV. No embargo or detention without indemnification.
- V. No discrimination in duties, drawbacks, and bounties.
- VI. No discrimination in duties on account of nationality of imports; no discrimination as to exports—"most-favored-nation" concession.
- VII. Vessels entering a port may proceed to another to discharge, but not do coastwise business.
- VIII. Certain vessels to be exempt from tonnage, anchorage, and clearance duties; certain vessels not to be considered as in trade; what damaged goods to pay duties.
- IX. Concerning shipwrecks.
- X. Vessels may complete their crews.
- XI. About vessels captured by pirates.
- XII. In case of war and blockade.
- XIII. What to constitute a legal blockade.
- XIV. Vessel ignorant of a blockade not to be detained. Vessels in port when established may sail.
- XV. About contraband of war.
- XVI. Citizens of either country may sail from any port and trade in the ports of those who are enemies of the other. Free ships make free goods, in cases where powers acknowledge this principle.
- XVII. Proofs of nationality of vessels—their papers.
- XVIII. Concerning right of search.
- XIX. About vessels under convoy.
- XX. Commanders of war ships must not violate persons and property of citizens—pay if they do.
- XXI. Regulations in case of war.
- XXII. Right of citizens in territory of other party.
- XXIII. Courts to be open to complaints.
- XXIV. "Most-favored-nation" concession.
- XXV. "The present treaty shall continue in force for five years from the day of exchange of the ratifications; and if, twelve months before the expiration of that period, neither of the high contracting parties shall have announced to the other,

by an official notification, its intention to terminate the said treaty, it shall remain obligatory on both parties one year beyond the time, and so until the expiration of the twelve months, which will follow a similar notification, whatever may be the time when such notification shall be given."

#### XXVI. Concerning ratification.

At the time this unserviceable document was passing the Executive and Senate our shipping interest was suffering on the rack of the British Lloyds, and asking Congress for protection—from it knew not what. The "Lynch committee" had held "hearings" and recommended bounties. The Lloyds had made a rule for "foreign ships" in 1870 operating to cast out of their register book all American vessels, thus to prevent their employment and to capture trans-Atlantic freights for British ships. This rule broke the back of our export carrying of cotton, grain, provisions, etc., in a few years. This "treaty" with Italy increased the number of our rivals, and equipped a sharp competitor for service. Deficient in a knowledge of facts, our State Department was probably unaware of the mischief it was doing, so was the Senate. When it was shown in 1870-71, from the report of an officer of the Treasury Department, that our "maritime reciprocity" policy was the real and potent cause of our decline in carrying, every one of our conventions should have been terminated, but here was one more made. The British should have been punished for their piratical discriminative marine inspection and underwriting policies, but the public mind lost sight of everything but compensation for the privateering of the *Alabama*. Now, note the course of Italy, paying bounties to her vessels, following the indecent course of France, that they may beat our own out of employment right in our own ports. Nations practicing such ethics have no claims upon our liberality. Justice to ourselves would befit them better.

*Treaty of commerce and navigation and trade-marks, 1875, with Belgium.*

#### ABSTRACT OF ARTICLES.

- I. Reciprocal freedom of commerce and navigation—no discriminating taxes to be laid.
- II. Belgian vessels to pay no higher tonnage duties, pilotage, harbor or other charges than American.
- III. American vessels to be treated as above.
- IV. Coasting trade same as for "favored nations."
- V. No discrimination between flags importing goods.
- VI. Same treatment to flags in exporting.
- VII. Premiums and drawbacks on equal footing.
- VIII. Above articles do not apply to fisheries.
- IX. Nationality of vessels depends on passports or sea letters.
- X. Parts of cargoes remaining on board not dutiable.
- XI. Goods while in warehouse not dutiable.
- XII. "Most-favored-nation" concession; no discrimination on products of other nations; duration of this article—to cease in one year from notification.
- XIII. Concerning shipwrecks.
- XIV. No "transit duties" to be paid.
- XV. Concerning trade-marks.
- XVI. "The present treaty shall be in force during ten years from the date of the exchange of the ratifications and until the expiration of twelve months after either of the high contracting parties shall have announced to the other its intention to terminate the operation thereof; each party reserving to itself the right of making such declaration to the other at the end of the ten years above mentioned; and it is agreed that after the expiration of the twelve months of prolongation accorded on both sides, this treaty and all its stipulations shall cease to be in force."
- XVII. Concerning ratification.

Belgium is one of the seven countries cutting deeply into the employment belonging to our own shipping—enabled to do so by this agreement, made after it was well established that without proper protection our marine was doomed to extinction. Of exports, Belgium takes to other ports than her own 71.24 per cent, and brings from those ports 87.83 per cent of all she lands in ours (1902). None of this indirect transport belongs to her marine, but most of it belongs by right to our own.

*Treaty of commerce and navigation, 1894-95, with Japan.*

#### ABSTRACT OF ARTICLES.

I. Mutual freedom of trade, travel, etc.; taxes and exemptions equal—no discrimination.

II. Freedom of commerce and navigation, as citizens.

III. Inviolability of dwellings.

IV. Equality of duties from "whatever place" arriving.

V. Equality of export duties and all port charges.

VI. No "transit duties"—equality of treatment.

VII. No discrimination as to imports on account of flag.

VIII. "Most-favored-nation" treatment in all respects.

IX. All port privileges equal and reciprocal.

X. Coasting trade reserved on both sides.

XI. Concerning vessels in distress, shipwrecks, etc.

XII. Nationality of vessels, according to statutes.

XIII. Concerning deserting seamen.

XIV. Favored-nation privileges, mutuality of.

XV. Concerning consular officers.

XVI. About patents, trade-marks, etc.

XVII. Abolition of foreign settlements in Japan.

XVIII. Former treaties superseded.

XIX. "This treaty shall go into operation on the 17th day of July, 1899, and shall remain in force for the period of twelve years from that date. Either high contracting party shall have the right, at any time thereafter, to give notice to the other of its intention to terminate the same, and at the expiration of twelve months after such notice is given this treaty shall wholly cease and determine."

XX. Concerning ratification.

If Japan had searched for a fulcrum to a monopoly of the carriage of the commerce of the Orient with the United States, she could not have found a better one than this "treaty." She is the only oriental nation capable of such an achievement, and she found us too simple to divine her intention. The treaty was effected in 1895 to become operative in 1899. She improved this time in perfecting a subsidy system and in getting vessels built for trans-Pacific trade. The treaty put her ships upon equal legal footing in our ports, while the subsidizing was designed to gain advantages in footing over American vessels, and to wrest employment from them. Japan was not satisfied with the equalized footing which we had generously conceded to her, but resorted to a plan to defeat our fair competition, throwing upon us the necessity of subsidizing our marine, or terminating the treaty for unfairness of conditions, and regulating our trade so as to confine her carrying to her own products and ports. Japan only followed the commercial ethics of Europe, it is true, but Europe was a nest of pirates not so very long ago. Why should we have set up this nation, lately come up from barbarism, to humiliate our own people on the ocean? The war with Russia will delay for a time the development of Japanese shipping power, but she is likely in a few years, if we do nothing to prevent it, to do our carrying with Korea, China, and other oriental

countries besides her own. Our reciprocity policy is right into her hand. Unless it shall be reformed and Japan confined to direct trade, good-by to notions of American predominance on the Pacific.

#### INFERIOR COUNTRIES HAVING CONVENTIONS.

The following countries have conventions or so-called "treaties" limited in time for "reciprocity," but having no vessels, they cut no figure in our situation:

Greece, New Granada, Costa Rica, Argentine Republic, Paraguay, Bolivia (recently without a port), Liberia, Honduras, Haiti, Korea, and Spain as to the Philippines for five years yet.

Reviewing the subject, it would seem from the contents of the various agreements, some with few, others with many articles, and all kinds of stipulations, that our Executive and Senate have given to each country just what it demanded—at the cost of American shipping power. Unless a stop can be put to this way of wasting our wealth, and discouraging the energies of our people, and a reform of our shipping policy be instituted forthwith, there is no real greatness ever to be expected for the huge Republic of North America. Where there is no hope there will be no endeavor. It is only hope fulfilled that creates great nations, and makes human government seem divine.

#### THE QUESTION OF POLICY FOR AMERICAN SHIPPING.

[William W. Bates.]

Now that the isthmian canal question is settled, it is believed by many that the next grand question to consider seriously is that of policy for American navigation. Surely our Government is not going into the transit business for the profit on passing the vessels of the world through the Isthmus of Panama. De Lesseps got the Egyptians and the French into the project of the Suez Canal, but when the work was completed there were no Egyptian or French vessels worth estimation suitable to use it, nor are there many yet. In reality the French dug the Suez Canal for Great Britain, she having the adapted vessels, as we shall dig the more expensive channel at Panama, unless Congress shall so legislate in behalf of shipping that there shall be an American, as well as a British, use for the work. There was a time in our history when Congress could be depended on for prompt action where commerce and navigation were concerned, but only a few of our people remember that time, it is so long ago. It is possible, however, that proper action will be taken, but how promptly no one can foretell. Of course, when built, there will be a naval and a domestic use for the canal, but it will be a sore disappointment if there shall be little or no use for it as a facilitation of our foreign trade, for which we need ten times our present marine.

About the history and management of our marine affairs it is proposed to answer several questions in this article, though it would take a book to tell the whole story.<sup>a</sup>

We have two grand divisions of vessel transportation—the domestic, or that between our own ports, and the foreign-carrying trade—that

<sup>a</sup>See "American Navigation," by the writer, Houghton, Mifflin & Co., Boston and New York, 1892.



to and from foreign countries—and our policy is different for each of these trades. Why is this, and how came it about?

The domestic carrying trade, having absolute protection, is in a flourishing condition; but the foreign carrying trade, having no protection whatever, is in a ruined state and has not prospered for many years. Why is the domestic trade favored and the foreign trade discouraged by the Government, while the Constitution provides for equality of rights for all trades through parity of rights for all persons?

Originally we had the same policy for both trades, and being protective, both flourished. Why was this policy changed—protection withdrawn as to the foreign trade—and, this being found detrimental, why is it continued?

Does the Constitution empower Congress to provide protection to navigation as an industry; and if so, by what means?

What are the principles of a proper shipping policy for the United States?

These questions may be answered in least compass by stating the facts regarding our navigation laws—their origin, necessity, the compact for them, their enactment, success, partial and full suspension, and the influence upon our Government now exercised by foreign nations, in consequence of conventions for what is called “maritime reciprocity.”

Long before the independence of the original States the people indulged the idea that vessels of their own engaged in their own trade would be profitable, and many were built and used. While their right to do this was natural and indisputable, the mother country disapproved of it, and specially of the acts passed to encourage ship-building and navigation. These laws levied discriminative duties of tonnage, and even of tariff, intended to favor domestic vessels, and discourage foreign. On complaint of British shipowners the King soon nullified them as to British vessels. Therein originated the British jealousy of American shipping which has pursued its object ever since down to the present time.

Immediately after the peace of 1783, a royal proclamation closed all British-American ports, including the West Indian, to vessels of the United States. British vessels only were allowed in this traffic. This adverse action created excitement from North to South, and was strongly resented. A committee of the Continental Congress, headed by Thomas Jefferson, considered the subject and recommended a uniform regulation of commerce, by consent of the several States; that, by means of discriminating duties of tonnage, or of tariff, or by port regulations, power could be used to enforce the rights of our shipping, and to encourage its increase. But this movement failed through the disposition of the State legislatures to disagree to the terms of Congress, and to insist upon their own. About the same time the application of Congress for authority to levy tariff duties on imports failed also; and, plainly, a new government was seen to be necessary for several reasons, but these two were the principal. Meantime the States, each for itself, passed navigation laws based on the principle of preference to domestic vessels—discrimination against foreign. As each State was foreign to the others, it soon developed that only a uniform system of shipping law would ever justly promote the growth, or insure the success and permanence, of an American marine.

When the Constitutional Convention assembled the several States had regulations as follows:

(1) Discriminating tonnage duties: New Hampshire, Massachusetts, Rhode Island, Connecticut, Maryland, and Georgia.

(2) Discriminating tonnage and tariff duties: New York, Pennsylvania, Virginia, North Carolina, and South Carolina.

(3) Tonnage duties only: New Jersey and Delaware.

The discriminative tonnage duties of all the States averaged about 60 cents a ton. New York and Virginia discriminated against British vessels in excess of other foreign. Maryland and Virginia favored the Dutch and French, on account of treaties. Reciprocation of exemption from duties had been introduced between several States.

Called, as it was, largely on account of the shipping situation, ship protection was a prominent subject. Different drafts of constitutions offered for consideration provided for power to enact regulations of commerce, not only between the States, but with foreign countries. In short, to effect the union desired, the Federal Government necessarily took over the ship protection of the States, and virtually promised to perpetuate it through the power to regulate commerce, which was provided in the Constitution for that purpose. All the debate there was turned upon the point whether navigation laws should require a two-thirds or a majority vote. Mr. Gorham, of Massachusetts, thus closed the discussion:

“If the Government is to be so fettered as to be unable to relieve the Eastern States, what motive can they have to join it, and thereby tie their own hands from measures which they could otherwise take for themselves? The Eastern States were not led to strengthen the Union by fear for their own safety. He deprecated the consequences of disunion, but if it should take place it was the southern part of the continent that had the most reason to dread them. He urged the improbability of a combination against the interest of the Southern States, the different situations of the Northern and Middle States being a security against it. It was, moreover, certain that foreign ships would never be altogether excluded, especially those of nations in treaty with us.”

The two-thirds clause reported was then struck out, and clause 3 of section 8 of Article I of the Constitution, empowering Congress to regulate commerce for the purpose of creating and maintaining an American marine, was agreed upon with unanimity. No other industry was thus distinguished. Moreover, this grant is placed third in the list of enumerated powers, only the revenue authority preceding it: “To regulate commerce with foreign nations and among the several States, and with the Indian tribes.”

This clause authorizes navigation acts for the admission or exclusion of foreign vessels, for the discriminative taxation of their tonnage or their cargoes, and any other regulation to equalize the footing-in-fact of our own with foreign vessels, for the control of competition and rivalry.

That Congress, at its first and early sessions, redeemed its virtual promise to care for the merchant marine is generally known. In a few years a system of commercial regulations was established and proved successful. The laws gave preference to our own vessels and discriminated against foreign, both in tonnage and in tariff charges. The British Government, though it had stronger ship protection,

showed resentment, ceased to execute the treaty of 1783, and began to molest our commerce. It sought a treaty which should nullify our ship protection. The Jay treaty was made, 1794, agreeing not to increase protective duties against British vessels and to allow England to countervail our own. This she did excessively and unfairly, but the avails were inconsiderable.

The war with France then raging made an occasion to harass our commerce, seize our vessels and cargoes, press our seamen into men-of-war, and finally to provoke the war of 1812. Surely this course would sweep our ships off the ocean, but more British flags were struck in this war, lasting about two years, than in the sea-fighting of a century before. Our ship protection had done just what the British knew it would—develop a sea power that disregarded the prestige and might of England.

When peace came to be made, severe terms must be imposed. The Canadian boundary line must be the south shore of the Great Lakes; there must be a suppression of ship protection in direct commerce on both sides. Surely then, with the West Indies closed, the British flag would flourish. On shipping protection our commissioners gave way. A convention was agreed upon for four years, removing protection on both sides in direct trans-Atlantic trade, the ports of the West Indies and North-American colonies continuing shut. An act was passed, 1815, authorizing the convention, which, as it had to be in general terms, opened our defenses to all nations desirous of reciprocity in the removal of protective regulations in direct trade. Thus Britain entered a wedge for the modification, and ultimately for the reversion of our well-considered and successful shipping policy. She had the convention time extended in 1818 and in 1827, and the matter now rests on indefinite time, terminable on one year's notice. A few other nations also obtained direct "reciprocity."

Determined on getting the West Indies opened, Congress, in 1818, closed our ports to vessels coming from all shut ports. This act, supplemented in 1820, deprived England of any advantage under the convention, and was well calculated to obtain its object. In 1822 Norway passed an ordinance and proposed reciprocity in the indirect trade—the one country to admit to entry the vessels of the other from any port in the world, with the products of any country. At that time, under an act of 1817, foreign flags were confined to direct trade. Congress refused the proposal. In 1825 the British Parliament, borrowing the Norwegian idea, passed an act looking to the opening of West Indian ports, on condition that we permit British vessels to come from every country, with the productions of every people. As this was, in terms, unequal reciprocation, Congress rejected the overture. In 1828, under Executive pressure, Congress passed an act for full reciprocity, opening our ports to vessels of all flags, from all countries, with the merchandise of all nations, and suspending our ship-protecting regulations of all sorts, with respect to all countries meeting this action. Great Britain declined then to reciprocate, but, on passage of a special act in 1830, opened her West Indian ports at last. Our acts of 1818–1820 caused this change in her policy. We gained scarcely anything, because she put up the tariff in the islands to prevent that result. In 1849 England felt obliged to modify her laws and take advantage of our act of 1828, but no treaty or convention was made.

After 1828, according as foreign countries demanded the benefits of

the act, our shipping policy suffered a change from protective to non-protective, as to foreign trade. In 1829 our vessels were carrying nearly 90 per cent of our commerce, but now only 9. Before the civil war our loss of carriage was 24 per cent (of the whole), during the war it was 38 per cent, and since 1870, 26½—a reaction occurring after the war. For our Government it should be said that, though some feared the consequences, it did not suppose material injury would follow the change of policy—begun in 1815, completed in 1828, and gradually applied since. In 1828 it was taken in by a glittering and sounding generality, “maritime reciprocity,” in theory an elegant appellation, suggestive of comity, equitable commerce, and high civilization, but in practice these grand ideas changed into illusion, artifice, and imposition. Most reciprocants and beneficiaries put off one sort of protection only to put on another, worsting our marine by elusive and unfair expedients.

There is scarce a pretension now that nonprotection is just the thing for shipping of every country. Every aspiring nation having a convention with us for reciprocity has resorted openly to any kind of protection that seems desirable, to any extent deemed prudent—subsidies, bounties, underwriting, and mercantile discriminations being the principal.

It may be thus seen that a universal shipping policy, in its practice, is irrational and absurd. It is but a plausible catchpenny conceit. Each nation must consider its own case, and protect as may be necessary; for nothing is surer than that one nation, if it can, will beat and wreck the marine of another. The merchants and underwriters of a rival will always give preference to that rival's flag. Of perfect disinterestedness man is incapable. No nation can depend upon fair play from others for the development of its shipping power, yet we have leaned upon this reed for many years, as if it were a pillar of stone.

All our shipping conventions have overrun their times, and are now terminable on one year's notice. Owing to the action of foreign nations, but 22 out of 42 remain. We were twenty-six years without such agreements, and none has ever been of benefit to our marine.

The act of 1828 has been considered an experiment in conciliation—mainly intended to induce England to open her West Indian ports—but it has never been considered in the light of its unconstitutionality. It was a plain infraction of compact, a clear breach of trust, a violation of State and individual rights, and can not be excused on any ground of national necessity. Navigation laws were promised as a condition of union. Congress had no prerogative to nullify the rights and thereby sacrifice the shipping interest of the seaboard States. It held in trust for them the power that each might and would have exercised for the protection of its vessels. Its plain duty was to discharge that trust with fidelity. It is its bounden duty now to repeal the wrongful act, and to put an end to suspension of navigation laws in the interest of, or for the conciliation of, any other nation. We are well able to honor our Constitution and to carry out the compact of union. The right of the American ship to preference in American commerce is so just, so essential to national welfare, that its rights must be redeemed and secured, even if it tasks the national power.

The President has recently said: “I think we of the United States can not keep too fresh in our minds the fact that the men responsible for the Government are not representatives of the people, but the

people themselves, and that therefore heavy is the responsibility that lies upon the people and upon all those who do most toward shaping the thought of the people."

The people had nothing to do with violating the compact of the union in the act of 1828. The question of stripping our marine in the foreign trade of its protection was not an issue of the election that landed John Quincy Adams in the White House and made Henry Clay Secretary of State. These two politicians, more than all the people besides, were responsible for the change of policy which has brought ruin to our navigation. In 1896 a majority of the people voted that the Government change back to original shipping policy, but two of the people, William McKinley and Marcus A. Hanna, decided to disregard the voice of the majority, and eight more years have been given to foreign nations for their exploitation of our commerce, our consanguineous rival taking the cream of it. It is time some agency, patriotic and powerful, took it in hand to rule our affairs in respect to shipping. It would seem to be "up to" Congress and the Executive to undo at least the disservice of Adams and Clay.

The following tables show the extent to which certain nations are exploiting our foreign trade and transportation:

*Exports of merchandise by ships of principal flags, 1902.*

Flags in beneficial order.	Carried to home ports.	Carried to colonial ports.	Carried to other countries.	Total value carried.	Carried home and colonies. <sup>a</sup>
					<i>Per cent.</i>
Norwegian .....	\$492,726	.....	\$31,148,376	\$31,641,102	1.55
Belgian .....	5,163,948	.....	12,791,745	17,955,693	28.76
Italian .....	12,741,284	\$1,100	9,246,191	21,988,575	57.95
British .....	474,483,414	69,049,085	241,861,774	785,393,223	69.20
German .....	104,118,642	6,349	40,525,549	144,650,540	71.98
French .....	19,403,266	31,905	5,707,873	25,143,044	77.29
Dutch .....	31,721,606	606,948	6,776,876	39,105,430	82.67
Above flags.....	648,124,886	69,695,337	348,057,384	1,065,877,607	<sup>a</sup> 67.34
Other foreign flags .....	.....	.....	.....	92,553,097	.....
American .....	.....	527,550	80,555,977	81,083,527	.....
Total flags.....	.....	.....	.....	1,239,514,231	.....

<sup>a</sup> Average.

*Imports of merchandise by ships of principal flags, 1902.*

Flags in beneficial order.	Brought from home ports.	Brought from colonial ports.	Brought from other countries.	Total value carried.	Carried, home and colonies.
					<i>Per cent.</i>
Norwegian .....	\$97,218	.....	\$27,657,839	\$27,755,057	0.35
Belgian .....	2,338,878	.....	16,870,387	19,209,265	12.17
British .....	143,664,426	\$58,016,958	250,039,207	451,720,591	44.64
Dutch .....	11,041,625	2,611,364	15,942,376	29,595,365	46.13
German .....	62,107,425	.....	45,972,480	108,079,905	57.46
Italian .....	7,277,909	.....	4,473,853	11,751,762	61.93
French .....	37,925,501	43,972	20,348,956	58,318,429	65.10
Above flags.....	264,452,982	60,672,294	381,305,098	706,430,374	<sup>a</sup> 46.02
Other foreign flags .....	.....	.....	.....	38,884,598	.....
American .....	.....	59,093	102,128,909	102,188,002	.....
Total flags.....	.....	.....	.....	847,002,974	.....

<sup>a</sup> Average.

Norway was the first beneficiary of the act of 1828. The carrying done for us by her large fleet all belongs to our own vessels, there being no trade or transportation to reciprocate with her. We carry to and bring from her nothing whatever. She carries \$64.21 of our exports to countries not under her flag for each dollar's worth she transports home. She brings \$284.49 of our imports from countries not her own for each dollar's worth she brings from home. She does this by no just right, only by a privilege terminable at our pleasure on notice of a single year.

Belgium carries both ways much merchandise in excess of her proper trade with us. She carries to other ports than her own 71.24 per cent and brings from such ports 87.83 per cent. None of this transportation belongs to her marine by right, but by right belongs to our own.

British carrying is peculiar. They take the larger part—69.20 per cent—to home and colonial ports; while they bring the larger part from countries not their own—56.36 per cent. Of our total exports they carry off 63.36 per cent; of our total imports they bring 53.21 per cent. Of our exports to non-British countries by the seven nations, 69.48 per cent go by British ships; of the imports from such countries, 65.57 per cent arrives under the British flag. Of our entire sea carriage in foreign trade, 58.81 per cent is done by British shipping. This has not resulted from economic law, but by a persistent warfare of protective expedients against a marine entirely unprotected, in consequence of British antagonism and through British diplomacy.

Germany is closely following England in utilizing our commerce to build up her sea power. The acumen of German rule and the loyalty of German pride throughout the world combine to foster German shipping. But this does not yet figure largely in our indirect trade. Of our exports it carries 71.98 per cent to home and colonial ports, and thence it brings 57.46 per cent of all she lands in ours.

Italy, like France, protects by bounties. Both countries aim to increase their marines at our expense. Of our exports, Italians carry to countries not their own 42.05 per cent of what they take, and of imports they bring from such countries 38.07 per cent of what they land here.

France is badly situated. The British Government in 1860 sent a parliamentary commission to Louis Napoleon to treat for reciprocity in the admission of vessels and cargoes from "the ports of the world." This done, the French marine soon declined. The British merchant supplanted the French. France must have shipping power, or lose her rank—perhaps, finally, her independence. She resorted to bounties, but these are found a poor substitute for the exclusion she had maintained to advantage. Of our exports by French ships, 22.71 per cent goes to ports not her own; of our imports in return, 34.90 per cent come from such places. The carrying lost in her own trade is recouped in ours.

Holland carries least to countries not her own—17.33 per cent. From such countries she brings much more—53.87 per cent. She was the first nation to accord our flag fair play on the ocean.

The exploitation by other foreign flags, principally the Danish and Spanish, is not large. The percentage for exports is 7.46, and for imports 4.53 of entire trade. Summing up the figures, the seven flags have carried, of exports to home and colonial ports, 67.34 per

cent, and to ports of other nations 32.66; of imports they have brought from home and colonial ports 46.02 per cent, and from those of other countries 53.98 per cent. Of our commerce indirectly carried their proportion is 41.16 per cent. Were all the flags included, the proportion of indirect carriage would be not less than 42 per cent—perhaps 43. We carry of direct and indirect about 9 per cent; adding this to the 42 of indirect not belonging to foreign vessels makes 51 per cent accounted for. But, in addition to the indirect carriage of these flags, they carry both their own and our proper share of direct commerce; therefore it may be estimated that American carriage in American commerce should reach the mark of 75 to 80 per cent—nine to ten times the present proportion.

It has been shown that the method of the Constitution costs the country nothing, being simply the regulation of our commerce defensively. Some good people affect disapproval of this, because its success in our early history created enemies. We should avoid displeasure and save trouble, say they, by adopting a subsidy policy. This is illogical. We can not resume our carrying trade by any means pleasing to foreign nations. Besides, this suggestion is impractical for the United States—first, because it is not constitutional—no single trade can be subsidized without violating the rights of all the other trades; second, because the Constitution provides a specific power for Congress to exercise for ship protection; third, because the principle of subsidy is not well adapted to nine-tenths of the work to be done; fourth, because, if adopted and successful, the people—the real rulers of this country—would not tax themselves year after year for the tens, scores, and hundreds of millions of expenditure.

What a ship needs is constant employment. To get this an American ship can not depend upon open competition with the vessels of all flags, but must look to the merchants and underwriters of her own flag mainly. The need of protection to her employment thus arises. This protection may best be given by the exclusion of foreign vessels from certain trades, as now done in domestic traffic, and as may be done in 40 per cent of our foreign trade by requiring foreign vessels with cargoes to come from their own countries only. Ship protection may consist of inducements to foreign shippers of cargo, as in rebates of duties. It may include extraordinary duties of tonnage and of tariff, which shall establish an equality of footing-in-fact with foreign vessels, or other regulations which fix a preference for American vessels.

It is supposed by some that competition alone, open and fair, secures shipping employment. Under a particular flag it usually does, but the rule fails under promiscuous flags. Our shipping history proves this. Our ships have carried cheapest, safest, and speediest, but have disappeared while doing so.<sup>a</sup> In international commerce, the flag of the cargo or of its underwriter usually determines the flag of the carrier. Vessels of the different flags look mainly to the shippers of the same country. To illustrate: French, Italian, German, or American ships look in vain to British merchants and underwriters for freights, of which they control 70 per cent in the world, simply because the ship of their own flag is preferred. There is no use to

<sup>a</sup>See "American Marine," by the writer, Houghton, Mifflin & Co., Boston and New York, 1892.

bid against preference. The British merchant and shipowner have been two hundred and fifty years sinking their roots into the soil of every country on the globe. They flourish everywhere. They buy for all markets and ship to them by their own vessels. If a British merchant does your trade, it will go and come under the "Union Jack." If this flag does your carrying, be sure the British merchant and his underwriters will soon supplant yours, and set aside your shipping if you have any. Their ship will carry as low as yours, and preference for their own will prevail.

If all nations were but one, human nature is such that distinctions now national would then become geographical or sectional—they would not disappear. It follows that, to restore our flag to the seas, the foreign merchant must not be permitted to employ his ship in the carriage of our exports and imports to and from all parts of the world. In his dealings with us he must be confined to the commerce and the carrying of his own country as much as possible; and a chance must be made in our commerce for the services of our merchants, shipowners, and underwriters—as the plain duty of our Government. The time has fully come to reestablish the principle that the carriage of the commerce between any two nations belongs to their vessels. Other nations have no rights in or to it, except by consent of both; for, if one has no ships with which to carry its share of the trade, it has no right to prefer another to its correspondent, whose vessel fairly comes in for the carriage that is lacking. There is no just ground, on the part of any nation, for the vaulting ambition to trade and carry for the world. Policies of this sort contravene the just rights of all nations, and all should resist their operation as monopolistic and intolerable.

The ocean mail service should be considered apart from that of the general marine. Our commercial interests require an ocean post of our own not more than the good of the Government itself. Under the powers to create and maintain a navy and to establish post-offices, roads, etc., lines of mail and naval steamers may be provided and paid sufficiently to secure their use. Ample postal fleets would constitute about one-tenth of an adequate merchant marine. In the British service the postage returns repay half the subsidies. Mercantile and naval advantage make up the other moiety. With proper regulations of trade and travel the expense of the service would be less than under subsidy alone.

The shipping question has been before the country thirty-five years. At first it was supposed Congress would soon do its duty, and shipping people indulged in the illusions of hope. But time passed and hope moderated. Certain misguided friends of shipping petitioned for bounties. That deadened effort the country over, sixty millions of such demands then being extant, but conventions were held and Congress urged to action. In 1891, after a bounty bill had been defeated, the cause seemed lost on bounty lines. It was also developed that a portion of the press, for one reason or another, opposed the disturbance of the foreign interest that holds a vise-like grasp upon our commerce. This was a revelation to our politicians, and some took care of their fences right away. The truth came home to them that commerce and navigation are inseparable interests; that, abroad, many merchants are also shipowners; that American ships implied American merchants, and the aliens doing our trade—of export as



well as import—would oppose strenuously measures of any kind calculated to encourage the rebuilding of our marine. Foreign merchants and shipowners and their agents now abound in our maritime associations, boards of trade, and chambers of commerce, and their sentiment often goes forth as American. In short, our situation, consequent upon letting our foreign trade fall into rival hands, brings vividly to mind the caution of Thomas Jefferson in 1791, to wit:

“If particular nations grasp at undue shares of our commerce, and more especially if they seize on the means of the United States to convert them into aliment for their own strength, and withdraw them entirely from the support of those to whom they belong, defensive and protective measures become necessary on the part of the nation whose marine resources are thus invaded, or it will be disarmed of its defense, its productions will be at the mercy of the nation which has possessed itself exclusively of the means of carrying them, and its politics may be influenced by those who command its commerce.”

After all their care for navigation it is improbable that any of the fathers ever thought the time would come when Mr. Jefferson's tact and foresight would be appreciated as they deserve to be to-day, when nine-tenths of our commerce as well as our navigation are in the hands of our rivals. Whether this alien interest is destined to prove too masterful for us remains to be seen. It has held the upper hand so long that relief from its grasp will be a striking evidence that Providence intended the United States to be and remain an independent nation.

#### STATEMENT OF LINDON W. BATES, JR.

Mr. BATES. Mr. Chairman, if the Commission wishes, as we are probably the only people in America who have ever tested a subsidy act, I will state how we came out.

We tried to build four boats in France under the French subsidy, and we have come right up against the proposition of what a subsidy is to the business man.

The CHAIRMAN. We shall be pleased to hear any statement you wish to make on the subject.

Mr. BATES. In 1893 the French renewed a subsidy act. The result of it was greatly to increase the sailing fleet. In 1902 they appropriated \$30,000,000, and the object of this new bounty act was to increase the steamer fleet. We proposed to build four coasting vessels of 2,000 tons, and we went about it to get figures.

The CHAIRMAN. You say “we proposed.” To whom do you refer?

Mr. BATES. My name is Lindon W. Bates, jr. I am an engineer.

The CHAIRMAN. Where is your place of business?

Mr. BATES. The United States Engineering Company, 74 Broadway. We got figures to build these boats. I have reduced the bids to pounds. The United States Shipbuilding Company bid £40,000. The Chantiers Navale Anversois, Belgium, £28,000. Sir William G. Armstrong, Newcastle-upon-Tyne, England, £28,000. Then we tried under the French subsidy law. The French shipbuilders wanted £35,000 and the bounty was £7,000. In other words, 25 per cent subsidy, making their bid to us, £28,000.

This subsidy was a good illustration of a direct subsidy, but for our purposes it proved a failure. In the first place the speculators got all

the registry money. They erected a number of keels, for the Government was going to give a subsidy, the first payment to be made when they laid the keels. That was the guaranty. They laid down some forty keels, and the men who really wished to build boats were thus excluded.

A second cause of failure was the uncertainty of legislative action. We did not build boats, because we could not tell what they were going to do. This year the French have changed the law, showing that this suspicion was well founded.

Then, again, the French Government were offering 25 per cent subsidy. They were going to pay 25 per cent of the cost of the boat, and yet with all that their builders only just equaled the English prices; and we would prefer to build in England at the same price rather than to build in France, because the English are so much more reliable.

Therefore, speaking as business men, who tried to build boats in France, we found that a direct subsidy was a failure for these reasons.

Mr. Chairman, I have here a translation of the French subsidy law, and if it will interest you I will leave it with the Commission.

The CHAIRMAN. We will be glad to publish it in our proceedings.

The translation is as follows:

#### FRENCH SUBSIDY LAWS AND REGULATIONS.

[French laws of January 30, 1893 (portion at present in force) and of April 7, 1902.]

#### NEW LAWS CONCERNING THE MERCANTILE MARINE.

##### FIRST SECTION I.—*Definitions.*

ARTICLE 1. Merchant shipping is divided into three classes—long distance, international coastwise, and French coastwise shipping.

Long distance voyages are those extending beyond the following limits:

To the South 30° latitude north.

To the North 72° latitude north.

To the West 15° longitude from the Paris meridian.

To the East 79° longitude from the Paris meridian.

Coastwise international voyages are those within the above limits, if between French (including Algerian) ports, or between foreign ports.

Coastwise French journeys are those from French to French (including Algerian) ports.

##### SECOND SECTION II.—*Marine construction.*

ART. 2. As compensation for the charges imposed on shipbuilders by the customs tariff, the following grants are made to them: For iron or steel steam or sailing vessels, 65 francs; for wooden vessels of 150 tons and more, 40 francs; for wooden vessels of under 150 tons, 30 francs per gross ton register, calculated according to articles 1 and 11 of the laws of May 27, 1873, and article 1 of the laws of March 7, 1889.

As wooden vessels having shell consisting only of wood, every transformation of a vessel resulting in increased tonnage establishes a claim to a premium in accordance with the above schedule, for the amount of the increase in tonnage.

ART. 3. As compensation for the same charges the following grants are made to engineers:

For main engines and auxiliary machinery, such as steam pumps, motors, dynamos, winches, fans, etc., and fitted on board while new, whether on steamers or on sailing vessels, as well as the boilers supplying them, 15 francs per 100 kilograms.

This bounty is granted both on new machinery and on new parts of the same placed on board by way of alterations or transformation during the life of the vessel.

When boilers are changed the compensation is fixed at 15 francs per 100 kilograms of new boilers of French manufacture.

ART. 4. The premiums under articles 2 and 3 are not definitely earned until the vessels are registered as French.

As regards vessels built in France for foreign mercantile fleets the premium is not earned until the vessel has been delivered.

Administrative regulations will be issued defining the tests to which the vessel will be subjected by a technical commission to ascertain that the same is suitable for maintaining a regular service at sea by itself.

### SECTION III.

In case of war, vessel or vessels may be requisitioned by the State.

### SECTION II.—*Various regulations.*

ART. 8. Exemption from pilotage is granted to all French sailing vessels of less than 80 tons, and all French steamers of less than 100 tons, if they make regular journeys between certain ports or in the mouths of rivers.

Further regulations may, however, be issued on the motion of chambers of commerce or interested parties by the Administration, amending the existing ones in the interests of navigation.

ART. 9. For long distance vessels the inspection prescribed by act 125 of the commercial code on taking a new cargo in France, will not be necessary unless a year has elapsed since the last inspection, or unless the vessel has suffered damage.

ART. 13. The present law is to be in force ten years from the date of its promulgation.

PARIS, *January 30, 1893.*

## LAW REFERRING TO THE MERCANTILE MARINE.

### SECTION I.

ARTICLE 1. As compensation for the charges imposed on the mercantile marine, a subsidy is granted from the date of promulgation of the present law, which, according to the provisions of the following articles, will be entitled "Compensation d'Armement" or "Prime à la Navigation" (new or commission compensation or shipping premium).

These grants provided for in articles 2 and 3 are subject to the following conditions:

Joint stock or other companies owning ships which receive one of these grants must have on their board a majority of French citizens. The chairman and the managing director or manager must be French.

Should it be established that the French owner—whether cooperation or individual—benefiting by this law is an intermediary, and that the real owner is foreign, the grants will be immediately withdrawn.

The administration may claim repayment of the said bounties illegally received.

ART. 2. The "Compensation d'Armement" is granted to every seagoing steamer built abroad, if iron or steel, manned under the French flag for long voyages or for international coastwise trade, of more than 100 gross tons, belonging to French private persons or companies, as stated in article 1, and on the conditions fixed in the following articles:

The "Compensation d'Armement" per day the vessel is in commission and per gross tons register is fixed for long voyages at—

Five centimes per ton to 2,000 tons.

Four centimes per ton from 2,000 to 3,000 tons.

Three centimes per ton from 3,000 to 4,000 tons.

Two centimes per ton above 4,000.

Vessels over 7,000 tons would be entitled to the same grant as vessels of 7,000 tons.

The number of days on which the grant is based is limited to a maximum of 300 days per annum.

The official time will be counted from the day and only during the time that the crew is full, cases of force majeure excepted. It ceases with the discharge of the crew.

ART. 3. The "Prime de Navigation," with the exception specified hereafter, is granted to every seagoing vessel built in France, of more than 100 gross tons, sailing under the French flag.

This premium is fixed as follows—for long voyages, per 1,000 miles run and per gross ton:

(a) For steamers the rate is 1.70 francs for the first year, decreasing annually from the date of registry, viz, by 4 centimes during the first period of four years, 8 centimes during the second period of four years, and 16 centimes during the third period of four years.

However, for steamers of more than 3,000 gross tons the rate of the initial premium will be reduced by — centimes per 100 tons or fraction of 100 tons above the 3,000 tons; but the rate for the first year will be not less than 1.50 francs for vessels up to 7,000 tons. The grant to vessels above 7,000 tons will be the same as for those of 7,000 tons.

(b) For sailing vessels the rate is 1.70 francs for the first year, decreasing annually from the date of registry, viz, by 4 centimes during the first period of four years, by 4 centimes during the second period of four years, and by 8 centimes during the third period of four years.

However, for sailing vessels exceeding 100 tons gross, the rate of the initial premium will be reduced by 10 centimes per 100 tons, or fraction of 100 tons above 600 tons, up to 1,000 tons. The premium above 1,000 tons will be the same as that for 1,000 tons.

The premium will be paid for twelve years from the date of French registry to every vessel built in France while the present law is in force.

The number of miles traveled is calculated on the distances between ports, measured on the shortest sea routes, according to the rules laid down by the Administration.

ART. 4. Five per cent of the premiums granted by the present law will be retained. These sums will be handed to the Mariner's Insurance with a view to reducing the deductions imposed on them for the purposes of that insurance.

ART. 5. Vessels engaged in the international coasting trade receive only half of the "Prime de navigation," or the "Compensation d'armement," as calculated in the preceding articles for long voyages.

Vessels engaged, on the same trip, in international coasting trade and in coasting trade between a French Mediterranean port (including Algerian) and a French port on the Atlantic, the Channel, or the North Sea, or inversely, are entitled to the bounties for the time or the voyages constituting international traffic, if the whole cargo passing through the Strait of Gibraltar, coming from or going to foreign ports, amounts in tons to at least a third of the net tonnage.

The same holds good for vessels engaged on the same voyage in international coasting trade with a port in the north of Europe and coasting trade between French and Algerian ports if the whole of the cargo going to or coming from foreign ports, when passing the Pas de Calais, amounts to at least a third of the net tonnage.

Vessels which, on a long voyage, either outward or homeward, call at Port Said, Ismalia, or Suez, will be entitled to the long-voyage bounty for the whole of their voyage.

Vessels which, on a long voyage having for its starting or terminal port a French or Algerian port, call at one or more French or Algerian ports without discharging or taking in anything but long-distance cargo will be entitled, for every one of the partial trips between two of those ports, to a fraction of the bounties equal to the ratio of the numbers of tons of long-distance cargo on board during those trips and of the net tonnage of the vessel. If this ratio is equal to or exceeds unity, the vessel is entitled to the whole bounty for the trip under consideration.

ART. 6. French-built steamers will be entitled to an option for either the "Compensation d'armement" or the "Prime de navigation" for every journey.

The conditions of this option will be set forth in a regulation by the Administration.

The following vessels have no claim to either of the bounties:

Vessels which, subsequent to the promulgation of this law, will obtain French registry after the completion of their seventh year, or those which have reached the age of 12 years provided that the bounties will not be paid during more than twelve years. (b) Vessels engaged in fishing, pleasure boats, and those receiving from the State bounties other than those provided for by the present law. (c) Vessels engaged on each journey, exclusively in reserved (?) navigation, as well as those running only between a French port and a foreign port less than 120 miles distant. (b) Vessels which, on a reserved (?) journey, call at foreign ports without discharging or taking in cargo amounting in tons to at least one-third of their net tonnage. (c) Vessels which, from their departure from a French port to their return to a French port, shall not have carried cargo amounting in tons to at least one-third of their net tonnage and that on at least a third of the whole distance traveled. (f) Vessels which, having obtained French registry, should have lost it and obtained it a second time. (g) Steamers which, on their trials, have

failed to obtain a speed of 12 knots with half load. (*h*) Vessels of foreign origin, which at the time of their being registered in France, or during the succeeding six months, are mortgaged for more than half their value.

The bounties are reduced by 5 per cent for vessels which have not attained a trial speed of 12 knots with half load. They are reduced by 10 per cent for vessels which have failed to attain a trial speed of 10 knots.

ART. 7. The tonnage admitted to the benefits of the present law, in addition to that registered at the time of its promulgation, is fixed at a maximum of 300,000 gross tons of steamers and 100,000 gross tons of sailing vessels.

Of the above tonnage of 400,000 tons for steamers, foreign-built vessels shall form not more than two-fifths and French ones three-fifths.

The conditions on which vessels will take rank for admission to the benefits of the present law as regards the above limits, as well as the replacements of bounties which disappear, will be settled by further regulations.

ART. 8. Every captain of a vessel receiving one of the bounties provided for in article 6 of the law of January 30, 1893, or one of those established by the present law, will be bound to transport, gratuitously, dispatches, or, generally, all correspondence intrusted to him by the postal authorities at the ports called at. He will collect and deliver dispatches at his expense from and to the post-office of his starting place and the ports of call, as well as of his destination.

The captain will likewise be bound to take charge of postal parcels, in conformity with the law and regulations on the subject.

In respect of these he will be under the same liabilities toward the postal administration as the latter has toward the public.

If a postal official is instructed to accompany the mails, he will also be carried gratuitously on the whole journey, as well as between the boats and the offices at which the exchange of the mails be effected.

A suitable room will be placed at his disposal for the work en route.

ART. 9. Owners signing an agreement to maintain on routes not served by the subsidized mail steamers, a regular line performing a fixed minimum number of journeys per year, with vessels of a certain age and tonnage, can, in lieu of the bounties established hereby, claim an annual fixed subsidy during the term of their agreement equal to the average of the bounties to which the vessels in commission would be entitled for the whole of the journeys performed.

These demands will be dealt with by decree of the council of state, on the report of the ministers of commerce, marine, and finance.

To this decree will be attached a schedule stating the conditions imposed on the owners and the mode of payment, as well as the amount of security for due performance of contract, and for repayment of premiums paid in excess, in case of interruption or cessation of service.

ART. 10. Articles 5 and 6, and paragraphs 1, 3, 4, 5, 6, and 8 of article 7 of the law of January 30, 1893, are abrogated.

The present law is enacted for a period of 12 years, and the articles, 1 and 4, paragraph 2 of article 7, articles 8 and 9 of the law of January 30, 1893, will have the same duration.

ART. 11. Steamers sailing at present under the French flag, and those registered before the promulgation of the present law, will be governed by the law of January 30, 1893, until the lapse of the period fixed therein.

At the expiration of that time those steamers which are of French construction will benefit under the present law until they have attained the age of 12 years.

ART. 12. Sailing vessels of French construction or naturalized, sailing at present under the French flag, and these laid down before May 1, 1902, provided that they have been the subject of a customs declaration before February 1 of the same year, and that they are registered before January 30, 1903, will remain subject to the regulations of the law of January 30, 1893, until the lapse of the same, provided the owners claim the benefit thereof.

The maximum tonnage of sailing vessels laid down after January 1, 1902, admissible to the benefit of the present article, is fixed at 40,000 gross tons.

These vessels will take rank according to the date of their registry.

ART. 13. The sailing vessels for which owners will, under the preceding article, claim the benefits of the law of January 30, 1893, will have to show that they have carried over at least two-fifths of their whole journeys a quantity of cargo representing in tons weight at least two-thirds of their net tonnage.

## SECTION II.

ART. 14. The Administration will issue regulations for showing the conditions in which French registry can be obtained in the colonies and the premiums granted by the present law can be liquidated.

ART. 15. Article 8 of the law of ———, 27 is modified, as follows:

French vessels may not, under penalty of being treated as foreign vessels, be repaired in foreign countries if the cost of such repairs exceeds 15 francs per gross ton, unless the necessity for such larger expenditure is shown in a report signed and sworn by the captain and other officers of the vessels, verified and approved by the French consul, or other French officials, or two French merchants residing abroad, and deposited at the office of the French port to which the vessel returns.

ART. 16. Decrees of the Administration, issued on the report of the Ministers of Commerce, of Industries, of Posts and Telegraphs, after inquiry and after advices to the Ministers of Public Works and of Finance, may establish in a seaport temporary customs dues to assure interest on loans contracted or payments of grants made by a department, a commune, a chamber of commerce, or other public body, with the view of establishing, improving, or replacing works or plant for exploiting that port, or of maintaining or improving the depths of its roads, passes, canals, and locks.

Decrees of the same kind may impose customs dues for paying expenses connected with arrangements made by a chamber of commerce for the salvage of ships or cargo, and for the policing and supervision of the quays and precincts of the port.

These imposts are calculated on (1) the net legal tonnage or the gross tonnage of both French and foreign vessels; (2) the quantity of goods discharged and taken in; (3) the number of passengers going on board or leaving the vessel.

They are not to exceed (1) 1 franc per ton of the net legal tonnage for all vessels, sail or steam, or 60 cents per gross ton for steamers, or 85 cents per gross ton for sailing vessels; (2) 50 centimes per ton freight (1) or per metric ton of cargo, or 10 centimes per package; (3) 1 franc per traveler.

They are payable by the vessel; nevertheless, the decree imposing these dues may stipulate that dues be paid by the senders or receivers of goods or by the travelers.

The tariffs may be graduated according to the nature of the vessel, its draft, the length of its stay in port, the nature of the service, the distance of the countries of origin and destination, the nature of the cargo, and the work done during one call at the port. They may also establish reduced rates and total or partial exemptions in favor of certain specified classes of vessels, both French and foreign. They may fix different rates for entering and leaving, according to the different nature of the cargoes, or the different classes of travelers.

The tariffs established in accordance with the foregoing may be modified with or without conditions within the limits fixed by the law or decree imposing them on the motion of the public bodies for whose benefits they are designed. The modified tariffs can not come into force until they have been brought to public knowledge for a month, by placard, and until they have been certified by the minister of commerce after due advice to the ministers of finance and of public works.

The local imposts are collected by the administration of customs. They are treated as customs dues as regards the forms of declarations, mode of collection, suppression of contraventions, and settlement of disputes on the application of the tariff. Every contravention will give rise to a fine amounting to double the dues in question.

Paragraph 3 of article 4 of the law of ——— 18, 1866, and article 11 of the law of January 30, 1893, are abrogated.

ART. 17. Article 2 of the law of September 30, 1793, is modified as regards the composition of the crews of French merchant vessels by the following dispositions:

The crews of vessels in the colonial international coasting trade without touching the capital may be composed of foreigners excepting—

(1) All the officers (captain, second officer, chief engineer, etc.)

(2) The boatswain.

(3) A minimum of two seamen, "Inscrits Maritimes," (?) one of them for navigating, the other for the engine room.

The number of Frenchmen may be reduced—

(1) On steamers of less than 1,000 tons net to five, viz: Captain, second officer, chief engineer, boatswain, and one A. B.

(2) On sailing vessels of less than 1,000 tons to four, viz: Captain, second officer, boatswain, and one sailor.

(3) On steamers or sailing vessels of less than 400 tons to three, viz: Captain, second officer, and chief engineer, if the vessel is a steamer, or a sailor, if a sailing ship.

The vessels sailing under the conditions described in the preceding paragraph are entitled to subsidies from the local treasuries, provided they are not in receipt of any other bounties whatever.

ART. 18. On the expiration of the law of January 30, 1893, builders will not receive a premium, unless the whole of the French works and yards concerned in building of a vessel employ not more than 20 per cent of foreign workmen.



ART. 19. The construction of seagoing vessels required by the State for different services, other than men-of war, is reserved exclusively for French builders, consequently only French builders whose yards are situated in France will be allowed to tender. However, if such an invitation to tender should have no result, foreign tenders may be invited. The same may be done when special apparatus patented abroad is required.

ART. 20. Decree of the council of State may authorize the minister of marine to grant, on the advice of the marine board, and after consulting the ministers of commerce and of finance, an additional bounty of not more than 25 per cent to vessels which, owing to their construction, appointments, and machinery, or speed, would be capable of rendering special services in war time.

ART. 21. Article 12 of the law of January 30, 1893, is abrogated and replaced by the following regulations:

Six per cent of the amount of all premiums of construction, navigation, and of "Compensation d'armement" is retained, and distributed as follows:

Two-thirds to the provident fund, with a view to diminishing the deductions on mariners' pay and to increasing the funds for assisting the victims of shipwreck and other accidents or their families.

One-third to the invalids' fund, with a view to granting subventions to the chambers of commerce or public institutions for the creation and support of sailors' homes in French ports, intended to assist the nautical population, or of any other institutions likely to be of use to them, especially schools for seamen.

A complete list of such subsidies will be published annually by the ministry of marine.

The sums resulting from deposits placed with the seamen's fund during the preceding year and falling under article 22 of the law of March 29, 1897, owing to their not being claimed for thirty years, will be employed for the benefits of invalid mariners, to aid the marine pension fund.

A statement of these sums will be furnished during the last fortnight of the first quarter of the following year:

ART. 22. The registration of building agreements, deeds of sale of transfer of ships, will be subject to a duty of 3 francs. Article 5, No. 2, of the law of February 28, 1872, is abrogated, inasmuch as it is contrary to the present regulation. This is equally applicable to the sale of boats of every kind for inland navigation.

ART. 10 of the law of January 30 is abrogated.

ART. 23. The total amount of compensation and premium which may be paid in pursuance of the present law is limited to the maximum of 150 millions, of which 15 millions at most is for sailing vessels.

ART. 24. The total amount of the construction premium for the 300,000 tons of steamers and 100,000 tons of sailing vessels provided for by the present law shall not exceed the sum of 50 millions, the annual expenditure being limited to that due on a maximum construction of 50,000 tons of steamers and 15,000 tons of sailing vessels, not including in the first year vessels put down before March 13, 1902.

In case the 50,000 tons of steamers is not attained, the balance will be carried forward from year to year.

PARIS, April 7, 1902.

## STATEMENT OF J. AUGUSTUS JOHNSON.

The CHAIRMAN. Is Mr. J. Augustus Johnson, of the Legal Aid Society, present?

Mr. JOHNSON. I am.

The CHAIRMAN. We shall be pleased to hear anything you may have to submit.

Mr. JOHNSON. Mr. Chairman, I am interested only as an American citizen in the question of building up the American merchant marine. I assume that the wisdom of your Commission will find a way to accomplish that purpose.

Personally, I am more interested in the care and protection of the American sailor, and I wish to say that the Legal Aid Society, from the 250,000 sailors who come to New York every year, receive and act upon about 300 claims for legal aid. The principal obstacle in obtaining legal aid is the law's delay, which troubles everybody, but particularly the sailor, because he has but a week or less in port and must go to sea in order to earn a livelihood. His wages are spirited away. So he must leave and go to sea. If there is any way of advancing sailors' claims upon the court calendars it would be a very great benefit to the sailor.

There are several practical suggestions which I will make with great brevity. I should like to see a steam launch provided for the collector of this port, that he may have facilities for going down the harbor and preventing the boarding of American vessels on their arrival here by solicitors for sailors' boarding houses and by runners and others, who deprive the sailor of his money and liberty, practically.

## A FREE SHIPPING BUREAU.

Then I would be glad to see an addition to the appropriation for the United States shipping commissioner, that he may make the United States shipping commissioner's office what Congress intended it should be—a free shipping bureau, where facilities would be offered for sailors to obtain shipment without paying blood money, about one-half million of which is paid out by sailors in this port every year in order to get an opportunity for employment, which is not true of any other occupation.

I should like to see the United States shipping commissioner authorized to establish in his office a savings bank for sailors.

In another society which I represent, the Church Missionary Society for Seamen, we have an officer who is authorized to receive deposits from sailors, to be sent to their families, and we have received this year from sailors about \$100,000, which we have saved from debauchery and from the dive keeper and the boarding-house crimp. If the United States shipping commissioner were to have \$5,000 added to his appropriation, it would enable him to pay increased office rent and to pay for a clerk who would receive these deposits, which would be safeguarded by the American Government under the commissioner's bond. This missionary society receives all this money, and it will probably grow. During the last three years it has doubled every year. It is becoming a great burden, and we should be glad to see that money deposited, as it is in England, under Government auspices.

The board of trade in England takes care of all that, and it transfers the money free to the families.

I should also like to see the United States shipping commissioner made supervisor of the sailors' boarding house, which is the reef on which most sailors are wrecked. I should like to see him made supervisor of the 200 shipping agents or crimps—people who control the sailor and exact from him the advance money.

#### NO ADVANCE IN COAST TRADE.

I am opposed, in the sailors' interest, to an advance in the coastwise trade. They would get an advance perhaps of \$5 each on a trip of fifteen or twenty days and the sailor would lose all that money before he started. It would be spent in debauchery or the boarding-house keeper would get it. The only way to save the sailor's money is not to let him have an advance. He would go penniless on board and he would be penniless on shore, and he would be a penniless sailor all his years. That is not true of all sailors. Some save their money.

I am also in favor of an old-age pension for sailors as a naval reserve for the United States Navy. If that inducement is held out, Americans will enter the service and will become, as in France, a part of the naval service, ready for any emergency.

I would also call attention to the fact that there is no Plimsoll line in this country. It has been said here that the life of an American ship is only fifteen years. The life of the American sailor is only twelve years. With a Plimsoll line, vessels would not be allowed to go to sea overloaded. We ought to have a load line in this country that could be relied upon. Vessels would be preserved and the sailor would be preserved. I could also call attention to the danger from undermanning, but I will not venture further upon the patience of the Commission.

In amplification of my views, I submit some remarks made by me on another occasion, which I will be glad to have printed as a part of my statement.

The matter referred to is as follows:

My attention was first called to the status of sailors when years ago I was summoned by the captain of an American ship to quell a mutiny on board. His wife and daughter and the vessel were exposed to danger beyond his control. Ordinarily it would have been my duty as a consul in a non-Christian country, having jurisdiction in criminal and civil cases and in admiralty, to put the crew in irons and send them ashore to a Turkish prison. But I didn't want to do that because the Turks were very fierce against Christians at that time, some 11,000 having been massacred in our neighborhood, and we didn't know when and where the trouble would end. I therefore went on board ship and gave both sides a hearing. The men had refused to work because they did not have the required hours for rest; the master had knocked down some of the men and put two in irons, but he couldn't work his ship home without their assistance. In this dilemma I reasoned with all the parties in interest and arbitrated the questions at issue. Rather than go into a Turkish prison while the massacres were in progress the men promised to go to work and take the ship back to America. Rather than lose his crew, the master promised to give more hours of rest and better food, and thus the matter was settled.

This experience was burned into my mind by the heat of burning villages and the other horrors of the Syrian massacres of 1860. About ten years ago another incident led me to investigate the status of seamen on shore. Nominated by Doctor Satterlee, then rector of Calvary parish, I was elected to serve as one of the lay managers of the Church Missionary Society for Seamen, and, feeling my responsibility as a citizen, from that day to this, I have cooperated with its successful and sympathetic work.

#### WORK OF UPLIFTING THE SEAMEN.

In speaking for seamen, therefore, I speak with some knowledge of their rights and wrongs. I accepted this service willingly—in part—because during my official life in the East I had to ride hobbies in order to avoid the melancholic effects of climate and environment. One of these was to collect antique coins, many of which were encrusted in the rust of centuries before the Christian era and therefore indistinguishable. By the aid of acids, and brushes, and coin books, I found that some of the most unpromising lumps of rust and dirt were in reality very valuable coins. One I remember, although a copper coin, was, from its great rarity, marked as worth a great sum. So I was prepared to find among the rustiest and most unpromising of sailors specimens of humanity in which the Divine image might with careful treatment be brought out to recognition.

Well, I found on examination that the sailor had been forgotten in the onward movement, and that while slavery and other abuses had been abolished, while societies had been formed for the prevention of cruelty to animals, and for the protection of children, birds, fish, trees, forests, historic localities, genealogies, and for aid to the aged, crippled, insane, and to all classes and conditions of men, I found no society organized to prevent cruelty to seamen. Church missionary societies for seamen had been organized and sermons regularly preached to sailors on shore whenever they could be induced to attend religious services; but Jack was ever an impatient and a restless listener to sermons and services of regulation length, and generally he preferred to have a good time in his own way during his brief residence on shore.

Within the last few years, however, a great wave of sympathy, a great heart-beat toward humanity has brightened the sailor's life, has pulsed and throbbed with the power of the tides, and he has seen a new light. He has learned to regard the missions, the reading rooms, the pleasant entertainments, the care for his physical comfort, and the legal aid offered him for the protection of his rights as having a direct bearing upon his present life, and as originating in an unselfish desire to serve the sailor as an individual, as a unit; and he goes with more confidence to the chaplain and to the mission which cares for his health, his comfort, his rights, his money, and his entertainment, and incidentally he attends service, not because he wants to, but in gratitude and appreciation of the warm, visible, and inspiring sympathy shown in matters within his comprehension.

This society, responsive to needs of the man and the hour, has been heard before committees in Congress and at Albany for better legislation, by Cabinet and other administrative officers of the Government for better enforcement of the laws, and by courts and magistrates, consuls and commissioners, for justice in respect of wages, food, hours of

rest, and for redress of wrongs endured from brutal officers on ship-board and the more cruel crimp and keeper of the average sailor boarding house. Sailors are no longer imprisoned for breaking civil contracts in home ports; their advance wages are less frequently seized by corrupt men who thrive professionally by robbing seamen, and their food is legally based on sanitary requirements, so that scurvy, that horrible plague of seamen when deprived of fresh provisions, is kept in abeyance.

#### THE MANY ABUSES TO BE REMEDIED.

But there are still many abuses to be remedied and many blessings to be conferred before this port can free itself from the stigma of being one of the most unjust and injurious to seamen, and we are here to-day to consider what shall be done in the coming years.

What we do for the three million of seamen of our day must be done quickly. Our time for giving and helping is short. They are in port for a week or two at most; their miserable lives average but twelve years, of hardship, suffering, and dangers, until death comes to them, generally at sea.

And when the sea is called to give up its dead, its millions of sailors, who have lost their lives in the service of mankind, and we are inquired of as to what we have done to save them, will it be enough to say in answer, "Am I my brother's keeper?" or shall we not say rather, "We have done what we could?" Shall the sailor, that stepson, that unloved child of our civilization, homeless, friendless, without a vote, and, therefore, without consideration among politicians, without companionship, clubs, lodges, associations in which landmen find zest for life, have no refuge from his foes? Left to the mercenary and unholy allurements of the saloon, the subterranean dive, the low and degrading boarding houses for seamen, which, vampire-like, soon absorb the vitality of their victims; left to the crimp, who robs him still too often of his money and his liberty, he tends toward the human scrap heap and floats out to a shoreless sea as rapidly as the swift-flowing tides of evil can carry him.

#### OUR DEBT TO THE SAILOR.

Now, why is this? Is the sailor not entitled to consideration?

To whose fidelity, stanch and steadfast courage, and boundless heroism do you confide your lives when crossing the ocean? Who cares for your sons and daughters on the voyages for rest and pleasure, through fogs and darkness, storms and collisions, amid the wreck and ruin of tempest and the horrors of ships on fire? What is it that nerves the sailor in those dreadful moments? The stern voice of command is not sufficient. Discipline is often powerless to control. May it not be the innate nobility of the man, his latent chivalry that inspires the sailor to look death in the face and give his life to save yours, if need be? This spirit of self-sacrifice and nobility in the heart of man, born of woman, is the leverage on which we must work to redeem the odds and ends of mankind, and fan the dying embers in his soul, and rouse his ambition and aspiration after the best things. Bread cast upon these waters will return again. The kindness inspired by the great motherly heart of our noblest womanhood will nerve these men to deeds of greater daring, to acts of more sublime self-sacrifice.

They will be saved from great moral perils by the knowledge that women are thoughtful for their welfare on sea and shore and develop a growing reverence for human life. Even now they ask for no charity; they only ask for a chance to work and to live on their own earnings.

They may save or lose a ship according to their morale; they may carry physical and moral disease into every port they visit, or they may be made an influence for good on the shores of every sea. Once establish the wireless telegraphy of sympathy between the sailor at sea and your societies on shore and you will make every sailor a hero.

This claim for consideration should appeal to the women of New York—the most alert, energetic, charitable, and compassionate women in the world. In your pursuit of fads—whether for old laces, fans, porcelain, musical instruments, antiques and bric-a-brac, bridge whist, golf, fine dogs, cats, and horses—none are more industrious and successful. But in your choice of hobbies, for Heaven's sake, choose among others one having a human interest, vitalized with the red blood of a strenuous life, and become effective in putting your shoulder under some corner of the great burden of sorrow and suffering by which human life is bowed down!

You have better protection, more influence, more enjoyments, more consideration than any women in the world. Your property rights are safeguarded, under the statutes here, as nowhere else. Freely you have received; freely give! What you do here for seamen will set an example to women in other cities and the echo of your deeds will be heard around the world.

#### NEEDS AT NEW YORK.

Now as to present needs.

We should use our combined and associated wisdom and strength to watch over the sailor, to bring to justice those who rob him of his money, his self-respect, his liberty, and his life. He is the ward of the state; existing laws are adequate, but they must be enforced. His claims should be brought into court, his witnesses produced, his wrongs redressed, his diseases healed, and his loneliness and homelessness alleviated—and for all these things money and sympathy are needed. Humanity demands this. Greater New York ought to furnish it. Its maritime interests require it. The women of New York can achieve it. Ask the chamber of commerce what it will do for the sailor when it has completed its palatial home now under construction. Ask the board of trade, the maritime exchange, the great marine insurance companies and steamship lines and shipowners what they are going to do about it. Ask the church, the synagogue, the cathedral, what they will do to help the men who go down to the sea in ships. As matters now stand a large proportion of losses at sea are preventable. Improperly loaded, insufficiently manned, brutally officered, corruptly financed, many vessels disappear and the crews go down to their death for lack of care by the owners, agents, and managers. It has been said that for every vessel that wears out in the service a hundred fall victims to the vicissitudes of the sea. No Plimsol or load line has yet been fixed in America, in which we are still behind England. The vessels are insured, but sailors are not.

Oh, for some man of consecrated enthusiasm, like Henry Bergh in

his crusade against cruelty to animals! Oh, for more angelic souls like those of Florence Nightingale in her zeal for soldiers in the hospitals, of Miss Barton and her Red Cross associates, of Miss Dix and Mrs. Ballington Booth for prisoners, and our own Mrs. Foster, in whose honor tablets are being placed in the courts and the Tombs prison. Who will follow in their steps and show a Christ-like care for the sailor?

Now, in conclusion, let us be more specific. We need support for our reading rooms for sailors. We need a launch to take our chaplains and legal aid and medical officers from ship to ship, to give all needed succor to the sick, the maimed, the abused, and the friendless sailor, to take him to the hospital, to a sailors' home, to mission chapels and reading rooms where he will find friends; to prevent impressment of unwilling victims, drugged and shanghaed; to take evidence of crimes, obtain witnesses, and prevent the boarding of vessels by saloon runners and the desertion of crews under their influence.

The principal ports of England have such a launch. Boston and Baltimore have one, but this great cosmopolitan port, soon to become the center of the world's commerce; this city with its annual visitation of 250,000 sailors, soon to be greatly multiplied, has no launch for such humane, uncommercial, and sympathetic work. For this launch \$4,000 will be needed at once, with a provision for \$3,000 more for its first year's equipment and maintenance.

A free shipping bureau is needed, where seamen can find employment without paying the illegal exactions of blood money by the crimps who annually rob the seamen in this port of \$1,000,000.

A sailors' home is needed whose foundations shall be broad and deep. It should cover at least two full lots facing Battery Park, near the British consular shipping office. Sir Percy Sanderson states that last year 117,950 sailors—shipments and discharges—passed through that office alone. The location is excellent, because near the consulates, the American shipping commissioners, the aquarium, where other maritime creatures are gathered, and the Immigration Bureau. This building should be large, commodious, and ample for 250 beds at least, and be six or eight stories high, in order to afford an adequate home for seamen, at a cost perhaps of \$250,000. It should have on its first floor a free shipping bureau, where captains and seamen may congregate and arrange for shipment of crews without cost to the sailor. It should contain a restaurant, where seamen, having a room at 15 or 20 cents each night, may obtain a good meal for same price, or less than \$5 per week all told. (Whereas, they now pay \$7, with extras which make up an aggregate of \$10 a week, at the miserable boarding houses for seamen, some of which are located over or adjoining saloons as an annex, and rent of which is paid by the saloon keeper.) This may all be done on a self-supporting basis, and with some profit, if conducted as the Mills hotels, owned by D. O. Mills, and as the model tenement houses are carried on by the City and Suburban Homes Company, of which our city chamberlain, Doctor Gould, is the successful manager.

Attached to this building and connected with its management should be a large supply store, with all sailors' furnishings, at a fairly profitable price, in order to save the sailor from the exorbitant price of the boarding-house keeper and the captain's slop chest. This building should have a high tower with an illuminated clock and a Star of Hope

at its top, throwing a light out into the harbor which should be visible to every sailor coming into the bay, and through the silent watches of the night, suggesting rest and friends ashore. In front of this building the new launch should be moored, with steam up, ready for active and efficient service. Our special police officer, who gathers from improvident sailors about \$5,000 each month for sending home to their families, should have his desk and safe and great register of the names of all visiting sailors in one corner of a great reading room, and the seamen's branch of the Legal Aid Society should be satisfactorily housed; all under the charge of a paid superintendent and a paid secretary, who should look after State and national legislation and the general interests of the sailors in America and foreign lands and keep in touch with all societies for seamen.

When all this is done, Mr. Chairman, if Christ should come to New York, He would see what the sailor, Prince Henry, did not see, a Sailor's Home, worthy the city; not a sky scraper, but a sea scraper and a world scraper of helpless and needy sailors, the high-water mark of wisest sympathy and of intelligent philanthropy. True, the Sailor Prince is brother to an Emperor; but the common sailor is still a man and a brother. Prince Henry received the freedom of the city; why should not our sailors have some recognition also? "The rank is but the guinea stamp," the sailor "man's a man for a' that." The American Navy was founded by a common sailor, who became famous as John Paul Jones, and three common sailors were offered the freedom of the city in 1847 and 1848 for acts of conspicuous bravery. You might persuade the city and State to make an annual provision for the support of such an institution out of the millions of dollars it receives from the licenses of 13,000 saloons and from dives, dime museums, dance halls, and other sinks of iniquity which now give a revenue to the municipality.<sup>a</sup>

But we need not wait for that. Miss Gould has built a home in Brooklyn for seamen of the Navy. Mr. Kennedy has built a charity organization building. Mr. Pierpont Morgan has built a woman's hospital. Mr. Carnegie and Mr. Rockefeller have endowed libraries and universities. Other men and women with hearts of oak and the wisdom of both worlds may arise in imitation of their example and do this great work for our rapidly developing commercial marine. It is a great opportunity for good work. But while waiting for such a home we want a launch for present and constant use.

We ought to have a women's auxiliary committee and children's guilds to help the Church Missionary Society for Seamen in aid of its several reading rooms and missions. We have had a dry time all these years in raising money, in providing reading matter and entertainments, but now I seem to see in this movement of the women of New York a cloud no bigger than a man's hand, aye, no bigger than a woman's hand, from which we may hope for refreshing showers of blessing, cheer, and cooperation.

This meeting will give encouragement to the friends of seamen in every port and to the hearts of the managers of this society, some of whom have given thirty, forty, and fifty years of service. They will

<sup>a</sup> The total amount collected under the liquor tax law in this State from May 1, 1896, to September 30, 1901, is said to be \$73,604,425.93. See report of State commissioner of excise recently submitted to the New York legislature.



feel grateful if, when they are called hence and can work no more, there is a hope that other hands and other hearts will take up the work and hand it down in turn to their successors, until "there shall be no more sea."

### STATEMENT OF HARRY A. HANBURY.

Harry A. Hanbury appeared before the Commission.

The CHAIRMAN. Mr. Hanbury, what is your business?

Mr. HANBURY. I am United States shipping commissioner.

The CHAIRMAN. The Commission will be glad to hear anything you may have to say on the subject under consideration.

Mr. HANBURY. To deal with the sailor and to take care of his interest is what our office was organized for. Our first duty when a captain presents a crew for shipment in deep water is to have the captain and crew sign articles of shipment. If the captain does not respect them, there is a penalty attached, and if the men do not, there is penalty for their violation.

I wish to call your attention to the fact that in the coastwise trade an owner or master may utilize the service of a United States shipping commissioner if he chooses. Over 50 per cent of them utilize the office to-day, but with this understanding, that there is a penalty attached to the captain of the vessel should he violate the agreement, but not so in case the men should violate theirs. Hence all kinds of obstacles are thrown in the way of the owner.

I would suggest to the Commission the advisability of compelling all in the coastwise trade to ship their crews through the shipping commissioner's office, as we have a complete record of the services of every man shipped through the office; and also that there should be a penalty attached if a man violates his agreement.

You have heard the sailors say that they do not think there can be anything done by Congress which would benefit them, but there are safeguards which can be thrown around the sailor, and if you will permit me I will in the near future suggest to the Commission in writing what I think some of them should be.

### SAILOR'S SAVINGS.

I think it would be more inviting to the American sailor's family to institute a system for his benefit on the line that Mr. Johnson suggested to you—a system whereby the sailor can deposit his money with the United States shipping commissioner to be forwarded to his family. When a sailor gets into this port he is apt to fall into the hands of evil doers. He generally goes to a boarding house or saloon of the lowest order, and one glass of liquor, probably drugged, will put him in such a condition that in a very few hours the chances are that he will have been relieved of his money, and this often after a voyage of fifteen months. If, while he is in his senses, there could be a place where he could deposit his money to be forwarded to his family, the money would probably be deposited by him the moment he was paid off, and hence it would be of advantage to his family to have him ship in the American vessels, which under this suggestion would give him the opportunity to so dispose of his wages.

## SUBJECT TO APPEAL.

I call your attention to another matter for your investigation. It is the law that any dispute arising between master and crew shall be tried before a shipping commissioner, provided the master and crew sign an agreement to arbitrate the matter, and any award made by the shipping commissioner is final. There is no appeal. We are compelled to see the men and the master and get them to sign a blank, each sailor for himself; and then try the case. The law should be so amended as to provide that all disputes between the captain and the members of his crew shall be heard and tried, and the decision made by the shipping commissioner should be subject to appeal to a United States district court.

I will avail myself of the privilege you have accorded me of filing later other suggestions on this subject.

Senator LODGE. Will you kindly reduce to writing, also, that we may have the benefit of them in that shape, the suggestions about the amendment with respect to the power of a shipping commissioner to arbitrate, and also as to conferring upon the shipping commissioner power to receive deposits, etc.?

Mr. HANBURY. I will.

Representative MINOR. I think that is a good thing.

## ADDITIONAL STATEMENT OF FIELDS S. PENDLETON.

Mr. PENDLETON. Mr. Chairman, I have here a letter which I desire to read to the Commission:

DONALD STEAMSHIP COMPANY, Inc.,  
18 Broadway, N. Y., May 25, 1904.

DEAR SIR: I regret very much that I was unable to fulfill my promise yesterday to appear before the Commission to testify regarding the relative costs of operating the steamship *David* under the American and Norwegian flags. To-day it is inconvenient for me to do so, although I might possibly arrange to give you a half hour in the afternoon, but I send herewith two portage bills which will show to you as fully as I can explain in person the difference in operating expenses.

I shall be pleased to hear from you by telephone if you require any explanation of any further point, and if you desire that I should still appear.

Yours, truly,

DONALD STEAMSHIP CO.,  
THOS. HANNAY, *Treasurer*.

Mr. PENDLETON,  
(Care of Merchant Marine Commission, Board of Trade  
and Transportation room, 203 Broadway, city).

Here is a portage bill on the American scale on a vessel which ran over a year out of New Orleans, and the wages are \$1,235 per month, as shown by the statement of the master, which I shall leave with you.

## PORTAGE BILL, AMERICAN.

*Wages account of the steamship David, from New Orleans to Ceiba, Spanish Honduras.*

Name.	Rating.	Com- menced.	Dis- charged.	Wages per month.	Time on board.	Total wages.	Signature.
					<i>Days.</i>		
James Durie.....	Master.....	Aug. 13	Aug. 25	\$150.00	13	\$65.00	
James B. Watkins .....	First mate.....	do	do	75.00	13	32.50	Jas. B. Watkins.
Jos. Bonansinga .....	Second mate.....	do	do	50.00	13	21.67	Jos. Bonansinga.
L. C. Visser .....	Carpenter .....	do	do	35.00	13	15.17	L. C. Visser.
Otto Ehmling .....	A. B. ....	do	do	30.00	13	13.00	O. Ehmling.
M. Moganson .....	do .....	do	do	30.00	13	13.00	M. Moganson.
Michael Volantino .....	do .....	do	do	30.00	13	13.00	Michael Volanti- no. <sup>a</sup>
Jos. Bonansinga .....	do .....	do	do	30.00	13	13.00	Jos. Bonansinga. <sup>a</sup>
Paul Volantino .....	do .....	do	do	30.00	13	13.00	Paul Volantino. <sup>a</sup>
Abraham Carlsen .....	Chief engi- neer.	do	do	135.00	13	58.50	A. Carlsen.
James Cross .....	First assist- ant engi- neer.	do	do	80.00	13	34.67	Jas. Cross. <sup>a</sup>
Thomas Cox .....	Second as- sistant engineer.	do	do	70.00	13	30.33	Thos. Cox.
Thomas Curran .....	Oiler .....	do	do	50.00	13	21.67	Thos. Curran.
Luke Nolan .....	do .....	do	do	50.00	13	21.67	L. Nolan.
Henry Olsen .....	Fireman .....	do	do	50.00	13	21.67	H. Olsen.
Walter .....	do .....	do	do	50.00	13	21.67	W. Calgahan.
Thos. Anderson .....	do .....	do	do	50.00	13	21.67	Theodore Ander- son.
Henry Selmi .....	do .....	do	do	50.00	13	21.67	H. Salmi.
Patrick Gannon .....	do .....	do	do	50.00	13	21.67	Patrick Gannon.
William Lusk .....	do .....	do	do	50.00	12	20.00	W. Lusk.
Josiah Moody .....	Cook .....	do	do	50.00	13	21.67	Josiah Moody.
Emil Faustin .....	Assistant cook.	do	do	15.00	13	6.50	Emile Faustin.
Ellis Hart .....	M. R. stew- ard.	do	do	25.00	13	10.83	Ellis Hart.
Total .....				1,235.00		533.53	

<sup>a</sup> His x mark.

Twenty-three men.

## CASH DRAWN.

Due ship, last portage bill.....	\$16.97
Food on coast to account of employees.....	22.00
August 26, cash, Vaccaro Bros. & Co .....	500.00
Total cash drawn .....	538.97

## CASH LAID OUT.

Aug. 12. Towels for ship's use .....	1.00
Quinine .....	.50
13. Watchman .....	4.00
26. Commissioner .....	2.00
Ship's washing .....	.60
District court .....	12.39
United States marshal .....	7.30
	27.79
Portage bill .....	533.55
Total expenditure .....	561.32
Due captain .....	22.35
	538.97

E. & O. E.  
JAMES DURIE, *Master.*

They ran the vessel a year under the American flag and then they ran her under the Norwegian flag in the same trade, and we also have that portage bill:

## PORTAGE BILL, NORWEGIAN.

*Steamship David, from March 23 to April 8, voyage No. 2.*

Name.	Occupation.	Engaged.	Discharged.	Days on board.	Monthly wages.	Total wages.	Balance due.
L. H. Warncke	Master	Mar. 23	Apr. 8	17	\$100.00	\$56.67	\$56.67
Niels Reime	First mate	do	do	17	45.00	25.50	25.50
J. Johannesen	Second mate	do	do	17	30.00	17.00	17.00
C. Carlsen	Carpenter	do	do	17	30.00	17.00	17.00
A. Phil	A. B.	do	do	17	20.00	11.33	11.33
C. Rasmussen	do	do	do	17	20.00	11.33	11.33
R. Hansen	do	do	do	17	20.00	11.33	11.33
M. Christiansen	do	do	do	17	20.00	11.33	11.33
F. Pettersen	Steward	do	do	17	40.00	22.67	22.67
Niels Olsen	Cook	do	do	17	30.00	17.00	17.00
S. Hendriksen	Mess boy	do	do	17	10.00	5.67	5.67
A. Carlsen	Chief engineer	do	do	17	80.00	45.33	45.33
H. Jacobsen	Second engineer	do	do	17	50.00	28.33	28.33
E. Bentson	Donkeyman	do	do	11	35.00	19.83	19.83
H. Halvorsen	Fireman	do	do	17	25.00	14.17	14.17
A. Johannesen	do	do	do	17	25.00	14.17	14.17
B. Olsen	do	do	do	17	25.00	14.17	14.17
W. Svenson	do	do	do	17	25.00	14.17	14.17
J. Nikolaisen	do	do	do	17	25.00	14.17	14.17
B. Berger	do	do	do	17	25.00	14.17	14.17
Total					680.00	385.34	385.34

Twenty men.

E. & O. E.  
L. H. WARNCKE,  
Master Steamship David.

NEW ORLEANS, April 8, 1903.

First the vessel was nearly a year in the trade under the American flag and then for nearly one year under the Norwegian flag in the same trade. Under the Norwegian flag it foots up to \$680 per month. Seeing the advantage that accrued from sailing under the Norwegian flag, the owner changed the steamship from the American to the Norwegian flag.

The CHAIRMAN. The papers you have presented will be printed in the record.

Mr. PENDLETON. I thank you very much for your attention.

## STATEMENT OF GEORGE J. SEABURY.

Mr. SEABURY. I wish to state before I make any remarks that I have no interest whatever in shipbuilding, in any shape or form, and that any statements I may make are submitted as a practical commercial economist, exporter, and manufacturer, and last, but not least, as a patriotic American.

Theoretical views will not enter into my pleading, but will represent the experience of every industrial nation that builds its own merchant marine for the expansion and transportation of its own commerce and at the same time becomes a competitor for general shipping. A statesman having had commercial training will quickly appreciate and support these logical deductions.

In the first place, the economies in steamship building are well understood by our great shipbuilders and all practical men of affairs,

so that on that score it is unnecessary for anyone to make a special plea. We are at present surrounded on all sides by removable disabilities that are chiefly confined to generous national subventions in the form of postal or war service expenditures or a direct tonnage subsidy. The governmental subsidy form is the chief reason why our shipbuilders can not compete with their foreign rivals. The initial reason, however, is the disparity in American wages and hours of toil. As previously stated, these conditions are understood by our shipbuilders, and the only way to restore an American merchant marine is to place them on an equal basis so far as gratuities are involved, and yet, in the restoration of an American maritime power the difference between the wages is a most insignificant one when we probe into the grand indirect results of building and repairing our own merchant marine.

#### BUILD OUR OWN SHIPS.

It certainly would be a most impolitic act on our part to permit foreign ships to receive American registry simply because we could buy them cheaper. For that matter, I believe that if Congress passed a law permitting one to two million tons of foreign steamships to receive American registry during the first year of a subsidy shipping act, the chances are that the International Merchant Marine Company would attempt to unload their worn-out fleet on American capitalists. We have waited more than a generation to receive proper encouragement from the Government, and we can well afford to wait a few years longer to build our entire American merchant marine, and not give the benefit of this immense tonnage and work to foreign shipbuilders, wage-earners, or capitalists. We can furnish the raw materials, manufactures, and labor ourselves in great abundance.

Some of our legislators in Washington have used in debate the offensive and untruthful words "treasury loot" to define a ship-subsidy bill that creates and promotes our maritime independence. The motive of restoring shipbuilding is inspired from imperative, patriotic, and occult national benefits. It is an enterprise that has no place whatever in party politics, since it concerns, directly and indirectly, the prosperity and security of 85,000,000 people. It is a national act, pure and simple.

The opponents of a merchant marine have for years tried to create a false definition of the word "subsidy;" but whether you consult Webster, Worcester, or any other modern dictionary, it merely means the word "aid," or we might call it encouragement or assistance. It is a bonus for a specific purpose. In our case it is simply a loan for the restoration of a national maritime power, and from the manner in which the word is sometimes used one would assume that Congress had never considered a subsidy for the restoration of ocean steamers. I will refresh your memories.

#### THE COLLINS SUBSIDY.

The first subsidy granted by Congress was to the Collins Steamship Line. They built several steamships that equaled the best ocean liners. We carried our freights and passengers at the market rates. When British shipping lines found that we were to become formidable rivals

for the shipping trade of the world, they at once increased their subsidies, and the British shipping lines to meet this competition surpassed the Collins Line by building larger vessels with greater speed. They succeeded in ruining the Collins Line for ocean traffic. Naturally they became possessors of the shipping business. For several years thereafter Congress would not interest itself in reestablishing American oceanic shipbuilding and placing our lines upon an equal subsidy basis, but in the course of time they acted by being forced through public sentiment to restore an American merchant-marine service, equalized the subsidies of the day, which were taken advantage of by the Cramps of Philadelphia. They commenced their operations by building several steamships equal to the best models of their time; we again acquired the export and import business to facility limits. To ruin American competition the British Government duplicated their previous methods, again increasing the subsidies to their own lines, and in a short time made our American Atlantic service a matter for historians. That is how it all happened, and that is why we are without an American merchant marine to-day. If the Government had been wise enough to meet the increased aid upon an equal basis, we would have had an adequate merchant marine to-day, but Congress refused to act.

The Frye shipping bill, in my judgment, after it was passed by the Senate and ready to be acted upon by the House, with the addition of "slow steam freighters to ten-knotters, and to large sailing vessels," would have covered all forms of high and low transportation, but no, the bill remained unacted upon by the chairman of the committee on our merchant marine, who permitted it to remain silent for nearly one year after it had passed the Senate, for reasons perfectly clear to me, but not to most men of affairs who understand what the restoration of an American merchant marine for peace or war means to the nation. Foreign shipping lines, that now control over 95 per cent of our carrying trade, exports and imports, or the International Merchant Marine Company, always owned and controlled by British capital, could give the precise answer.

The commercial analyst finds great results that directly and indirectly expand from a merchant-marine service to every connective interest involved, and is a most fascinating and interesting study. In the most remote sections of the world our ships will develop new business in old markets, and establish new ones for our ever increasing manufactures and agricultural products.

If the United States paid all the wages necessary in constructing an adequate merchant marine, it would be one of the grandest national investments ever undertaken by it. Why?

#### WHAT WOULD BE SAVED.

It will cost not less than \$600,000,000 to build an adequate merchant marine such as we require in 1904. With our exports at \$1,500,000,000 and our imports at \$1,000,000,000—together \$2,500,000,000—and this sum will surely increase, not by small proportions but by great proportions, when we have completed the Panama Canal. Out of this \$600,000,000 over \$550,000,000 will be expended for raw materials and labor. Most of this vast sum and the profits thereof will be circulated at home, instead of as now sent abroad in the form of gold payments to the foreign steamship lines. Besides, the economies involved in an

adequate marine service in transacting our national business will give employment to not less than 500,000 among our skilled and unskilled wage-earners on land and sea.

Transporting our exports, imports, passengers, and postal matter is a most profitable business. If we had a sufficient maritime power to-day to carry our present enormous business it would require a sum not much less than \$250,000,000 per annum for operating the necessary steamships and allied contributory interests. The annual profits on this sum to shipping lines and interests involved are not less than from 10 to 15 per cent net, amounting to quite \$30,000,000 per annum. The interests that would receive direct business from these annual disbursements would be largely raw materials, coal, and food products, and the balance would be labor on land and sea. Moreover, it would represent a new and permanent industry, insuring us independence in peace and war, so that as a matter of fact no argument can be brought forward, on account of the great direct and indirect benefits and advantages in building our own merchant marine. As a national business proposition it is one of the best and most beneficent projects that could be conceived for national protection.

The profits from regular mail charges, passenger service, export and import freights will be most satisfactory to American lines. The enterprise will give new employment to a great army of wage-earners at home, manufacturers will receive new business from shipbuilders, and American raw materials find new uses, but beyond all these great national benefits the greatest advantage of having a merchant marine will come from new markets. Our exports will be increased wherever we have direct communication with commercial ports. Our consular service will be of incalculable importance in the promotion and expansion of commerce. The most expert statistician or commercial economist can not compute the value of more intimate trade relations with the world. This much, however, can be asserted with absolute truth, that a fifteen or twenty year subsidy shipping bill, amounting to anywhere from \$75,000,000 to \$100,000,000 during the continuance of such act, will be indirectly repaid to the nation one hundred times or more through the increase of export trade alone, especially in China, Japan, Korea, and the oriental countries, first, because of our ability to compete with the world in the manufactures; second, greater facility in making quicker voyages and deliveries. These commercial factors must also be seriously considered in connection with European shipping and export business.

Mr. Hill made a statement yesterday in which he really admitted that he favored a tonnage subsidy, yet at the same time, for unknown reasons, he stated that we did not need subsidies! There must be some motive in having affirmative and negative views. His ships being the continuation of his railroad system, were a profitable convenience in the progress of his railroad, mining, and many other interests. It stands to reason that he could easily construct a few steamships without a subsidy, inasmuch as he was not competing for general shipping business in the Orient. He certainly was not the pioneer in a similar enterprise, for Carl Spreckles preceded him by building steamships for the transportation of his own raw and finished products; consequently those selfish interests can not be considered when an argument is being made for the restoration of pure and simple national shipping on a competitive basis.

We must watch the movements of foreign steamship lines and their governmental railroads. These two forms of transportation are being united—in fact, European manufacturers are receiving special freight concessions on exports and imports. The preceding speaker, ex-Congressman Farquhar, has given expression to connective transportation on land and sea, such as I have entertained for the past five years, and they are, that in the coming struggle in perpetuating our commercial supremacy, cheap transportation will be an important factor. Our great railroad lines having terminals at the coast waterways will be in the best position when a liberal shipping bill has been passed to establish shipping lines and control transportation in connection with their own railroad systems to insure low freight rates.

#### OUR NATIONAL PERIL.

During the past ten years manufacturers, exporters, and shipping agents have suffered through their inability to secure or charter vessels—steam or sail—for foreign ports. The humiliating fact that harassed us during the Spanish war was, that we went begging throughout the world for army transports. During that time we were once the central object of a European shipping conspiracy, which would have prevented us from securing ships in that war for our exports, imports, or our soldiers, had it not been for the German Emperor, who refused to be a part of such compact; if he had, we might have had great difficulty in shipping our exports and imports, or carrying our soldiers to the Philippines. No patriotic citizen can longer be blind to his duty in promptly demanding and praying for the restoration of an American merchant marine.

It has been stated, perhaps to influence legislation, that we are unable to build steamships equal to those of foreign shipwrights! I have traveled the civilized world over scores of times in the highest examples of marine architecture, and I have yet to see steamers or sailing vessels that surpass our graceful models, general construction, and workmanship. Our sound, coast, and lake steamers are the admiration of the world, both in elegance, comfort, and conveniences. The last steamer examined by me, the *Manchuria*, built for the Pacific Mail Steamship Company, for trade in the Orient, is a contradiction of any such assertion.

It was my pleasure a few weeks ago to cross on the highest example of ocean liners, one of the North German Lloyds, the largest steamship afloat, splendidly constructed in all its parts, a beautiful piece of marine architecture. The only regret that I had, with all due respect to the flag she bore, was that she did not fly the American flag, and I do hope to live long enough to see the day when I can cross on an equally good vessel with Old Glory at its topmast.

#### GREAT VESSELS.

I am positive when our master shipbuilders undertake the construction of steamships under a subsidy bill that they will be forced to commence by building vessels larger, or as large as, in order to commence where they have left off, for in my judgment shipbuilders in the future, whenever possible, will continue to increase the size of ocean steamers until they have reached a maximum point of speed and



earning capacity, inasmuch as the economies are but slightly increased with the larger dimensions. This gives to the constructors of larger vessels an advantage in operating expenses—a point which will be taken into account by the various shipping interests.

Consequently, the abilities of our marine architects will not be strained when our time comes to build our own merchant marine. We will have the brains, capital, material, and the skilled workmen to build in the highest style of the art, with or without the turbine system. Then, indeed, our exports, imports, passengers, and mail will be carried in American-built steamers flying the Stars and Stripes, as in the days of the old Collins and Cramp line of steamers.

Germany has become the most active and successful competitor in the manufactures; her present position is due primarily to her merchant marine, and secondarily to her intelligent consular service; her steam and sailing lines are to-day the strongest competitors for the world's commerce, and have attained their great power and strength through liberal subsidies and secret terms. It is immaterial under whatever name you class national aid, so long as you place our ship-builders upon a competitive basis. When an adequate merchant marine has been completed, and it will take many years to construct it, together with the Panama Canal, our Department of Commerce, the Lovering drawback bill, a reformed consular service, and an able tariff commission, depend upon it, in another generation we will be the industrial and financial power in the world. [Applause.]

#### VIEWS OF AARON VANDERBILT.

The CHAIRMAN. The Commission has received a communication from Mr. Aaron Vanderbilt, which will be printed in the record.

The communication is as follows:

NEW YORK BOARD OF TRADE AND TRANSPORTATION,  
*New York, May 21, 1904.*

The MERCHANT MARINE COMMISSION,  
(The Hon. Jacob H. Gallinger, Chairman),  
*New York City, N. Y.*

GENTLEMEN: I have the honor to acknowledge receipt of your communication of the 13th instant, inviting me to be present at the hearings of the Merchant Marine Commission on the 24th instant, and to state to the Commission what, in my judgment, should be done to arrest the decline of our shipping in the over-sea trade and to restore the old maritime strength of our country.

The special committee on the merchant marine of the New York Board of Trade and Transportation, of which committee I have the honor to be the chairman, was appointed to inquire into the alarmingly depleted state of American shipping in the foreign trade, which is now 100,000 registered tons less than almost one hundred years ago, when we carried 90 per cent of our over-sea commerce, while we now carry less than 9 per cent. The committee prepared a statement showing these facts, and this, with the board's resolutions, setting forth the nonpartisan purpose of our inquiry, were forwarded to all the newspapers and commercial associations of the United States. We have been gratified by the volume and character of response. The result has been a vivid demonstration that popular interest in the cause of

American shipping is deep and earnest, not only in our seaboard communities but in the Mississippi Valley and the farther West. We have received replies from nearly every State and Territory of the Union, hundreds in aggregate number, all manifesting a desire for the upbuilding of a new American merchant marine.

Many commercial associations, in answer to the Board's inquiries, have adopted resolutions urging the question of the American ship upon the attention of the country's business interest and of Congress. Some of these resolutions have indicated a preference for this or that particular policy of relief, but in the majority of cases there has been merely an emphatic declaration that something should be done, leaving the precise method to further investigation or to the wisdom of the Government.

Of course the question has aroused favorable action in seaboard cities where maritime interests are strong, but it is significant that earnest resolutions have come from important cities of the Middle West, like Denver, Omaha, Milwaukee, and from San Francisco and Seattle, as well as New York and Philadelphia, and even from Alaska, Porto Rico, and the Hawaiian Islands. Resolutions and correspondence are still coming in, and it is plain that the question of our merchant marine steadily assumes increased importance before the country.

It is not a pleasant thought to the patriotic citizen that our ocean tonnage is now 100,000 tons less than it was almost one hundred years ago, when it carried 90 per cent of our commerce and now carries less than 9 per cent.

Under such conditions we may contemplate with alarm our predicament as a nation in the event of difficulties with a foreign power.

The navy and merchant marine of Japan in her war with Russia commands the sea. Her merchant marine furnishes a reserve for her fleet and transportation for her armies and supplies, again demonstrating the advantage of sea power in a nation's peril.

The committee has not as yet finished its investigations and deliberations, and I am therefore unable to present its views at this time. I feel that under the circumstances any expression of my personal opinion of a specific method would be out of place, and I prefer to defer the making of any statement until I can do so with the sanction of my committee and the approval of the body it represents.

Thanking you for the honor conferred upon me by your inquiry, and trusting to avail myself of the opportunity before the close of your deliberation, I beg to subscribe myself, very respectfully,

AARON VANDERBILT.

#### STATEMENT OF H. L. ALDRICH.

H. L. Aldrich, president and treasurer of "Marine Engineering," submitted the following statement:

There are two distinct divisions on the subject of building up the American merchant marine.

First. That of building the vessels.

Second. That of operating them.

Let us consider first the building of the vessels. It costs from 10 to 30 per cent more to build a steamship in this country than it would cost to build the same ship in the United Kingdom. I sincerely believe

that a better vessel would be built here than would be built abroad. Unfortunately, however, it probably would not have more earning capacity. As far as I can understand from personal inquiries there would not be this great difference in the cost of construction if our shipbuilders could be assured that they would have orders for several vessels, or fleets of vessels, instead of individual vessels.

That we can build vessels cheaply in this country under proper conditions has been shown on the Great Lakes, where steamers of from 4,000 to 8,000 tons are built in less time and as cheaply if not cheaper than they could be built in any other part of the world. This is accounted for largely by the fact that in addition to the use of labor-saving machinery of all kinds the vessels built are practically all of one type.

Another point of vital importance under this heading, and one that deserves very careful attention, is that structural material for shipbuilders is oftentimes sold by our steel plants at a less price across the ocean than it will be sold to shipbuilders in this country.

Now as to the operating of vessels. There is no such possible solution under this heading that there is under the first. The scale of wages to all classes of people is much higher in this country than in any other, and there is no way by mechanical ingenuity or other means to obliterate the personal equation.

Imagine a chief engineer with a British Board of Trade license, as well as a corresponding license from the Steam Vessel Inspection Service of the United States. He goes down to the wharf in Southampton, England. If he happens to go on board an American liner, he must be paid \$150 a month. If he should happen to go to another wharf to be chief engineer of a Royal Mail steamer to South America, his maximum wages, according to statistics published in Marine Engineering in June, 1900, would be \$121.75 a month; probably considerably less than this, unless he should happen to have one of the largest ships on the line. Suppose, however, he should go to the wharf of the Union Line, to South Africa, his wages then would be from \$97.25 to \$121.75. If he were to ship as chief engineer on board a steamship of corresponding size in Hamburg, Germany, according to the statistics quoted, his wages would vary from \$59.50 to \$71.40. There is a corresponding difference in wages for all the other men in the engine room, and the same applies also to the navigating officers.

This great difference in wages must, of necessity, be made up from outside sources, for an American ship agent can not charge higher rates for passenger or freight traffic than a foreign ship agent; he can not get more work out of a ship than a foreign ship agent, nor can he expect a higher degree of efficiency from American citizens than could be expected from corresponding employees in a foreign merchant marine.

It is necessary, therefore, to meet this great difference in wages, in addition to tonnage and mail subsidies which are paid by many foreign governments.

Almost every other individual industry in the United States has been protected, except that of shipbuilding, and this once great industry has now dwindled until our foreign merchant marine is practically extinct. It seems to me the only way to revive this industry is for the Government to protect it in some manner either by direct subsidy or by differential duties. The latter system would meet with more

general favor from all parts of the United States, because it is more in the form of indirect taxation than direct.

Possibly the subsidy plan would receive more indorsement if it were proposed to make payments for equalizing wages direct to the ship's crew instead of to the ship's owners. This, however, would be a case of "distinction without a difference."

In small, but important, ways foreign vessel owners have other advantages over American vessel owners. They are not obliged to house or feed their men so well. They load their vessels more deeply and more heavily than the laws of the United States permit our vessels to do, and the masters of foreign vessels frequently have an underhanded way of forcing members of the crew who have signed for the round voyage to run away here in the middle of the voyage and thus sacrifice wages which are due only at the end of the voyage.

To attempt the upbuilding of our merchant marine against present odds without governmental support is like starting a heavy loaded team which has stopped half way up a steep hill. If the Government will give the necessary momentum to this upbuilding, there is no doubt but what we have in this country brains and energy necessary to place our merchant marine in a few years on a plane corresponding with the commercial importance of the United States.

#### STATEMENT OF GEORGE S. DEARBORN.

George S. Dearborn, president of the American-Hawaiian Steamship Company, submitted the following statement:

The only steamers of the up-to-date type of cargo carriers under the American flag, engaged in the foreign trade, are those few that were brought into existence within the last three years in the belief by the owners that the late subsidy bill would become a law, giving evidence that such a measure would bring about the desired results, and that without some Government aid no American merchant marine is likely to be developed.

The protective policy of the dominant party had fostered every internal industry, and the shipping interests only to the extent of giving them the exclusive coastwise trade, and both parties have been agreed upon the latter policy.

The over-sea carrying trade by American ships can only be brought about by Government aid, either in the shape of a subsidy to cover additional first cost of ships and increased cost of operating, or some other means which would be the same in effect. If Congress considers it to the advantage of this country to be properly represented on the high seas and in the foreign conveying trade, it must give substantial and tangible encouragement to financial interests to undertake the development for the first time and on a large scale of a merchant marine that will compare favorably with any afloat. Discriminating duties are too indefinite, which might result in retaliatory measures by other countries, and the fact that only on homeward voyages would any benefits be received, and so much of the tonnage being on the free list, capital would not consider the security favorably.

The present British merchant marine, comprised mostly of steam cargo carriers, is the outgrowth of the sailing ship era of that country. Sailing vessel owners gradually adopted steamers and ceased building sailing vessels, and were able to market their securities in England on

such a large scale that the development was rapid. The substitution of metal for wood in the construction of sailing vessels, when it could not be obtained in this country at a reasonable price, gave the British sailing-ship owner the opportunity to use a metal ship with which a wooden ship could hardly compete, thus confining the employment of the American wooden ships to our coastwise trade with the Pacific. Under these conditions most of the American shipowners gradually went out of business and many transferred their capital and energies to internal development, so this country was without the nucleus for a modern merchant marine and the embargoes were such that no new element took their place.

The shipbuilding industry in this country is the greatest sufferer to-day, and the condition of most of the concerns in that business is such that it becomes a menace to the development of our Navy in meeting the requirements of our expansion policy, and coming next are those referred to who have recently built steamers in anticipation of a subsidy.

If a merchant marine is necessary to this country, with all that it implies, Congress must make inducements of a most direct and substantial nature to induce timid capital to embark upon the sea and restore our flag there, and give it a fair but not excessive return for the investment.

#### VIEWS OF G. STANBURY.

The following communication was received from G. Stanbury, Lloyds' principal surveyor for the United States:

[Lloyd's Register of Shipping, Kemble Building, 15 Whitehall street.]

NEW YORK, *May 24, 1904.*

MR. WINTHROP L. MARVIN,  
*Secretary Merchant Marine Commission,  
Fifth Avenue Hotel, New York.*

DEAR SIR: I beg to acknowledge the receipt of your letter dated May 21, in which you do me the honor to ask for my opinion on certain matters in connection with the cost of building ships in this country as compared with the cost in the shipyards of Great Britain.

I now have pleasure in stating, for the information of the United States Merchant Marine Commission, the following remarks, which are the result of the observations I have been in the position to make during the three years that I have had charge of the work in the ship-building yards in the United States done under the inspection of the surveyors of Lloyd's Register of Shipping.

The greater cost of constructing vessels in this country as compared with the cost of similar work in the United Kingdom is to be ascribed in my opinion to the higher cost of labor and materials in the United States and to the much longer time taken here to build and complete a steamer. It is a general practice in many British shipyards to build vessels of similar types and dimensions. This practice obviously admits of rapidity in doing the work combined with economy in production. Excepting the shipbuilding yards on the Great Lakes, the practice of repetition has not hitherto been in vogue in the shipyards of this country. The experience gained in British yards in building

numerous vessels of the same type and dimensions appears to me to be at present wanting in the United States.

I consider the high cost of labor and materials the most important factors in this comparison, and that these are the direct consequences of the protective system of the United States. The tariffs of the country necessarily increase the cost of living here. It follows that the cost of labor must be higher than it is in countries where the tariffs are less. It appears to me illogical that the building of vessels for ocean trade, which must be constantly increasing in importance, together with the prosperity and security of the United States with its great extent of seaboard, should be placed at great disadvantage in not being allowed a measure of protection similar to that granted by the laws of the United States to all the other industries. So long as the present system of tariffs prevail here it appears to be only fair and logical to include the shipping interests in that system with all other manufacturing industries of the country.

Very truly, yours,

G. STANBURY,  
*Principal Surveyor for the United States.*

#### THANKS TO NEW YORK BOARD OF TRADE AND TRANSPORTATION.

Senator LODGE. Mr. Chairman, before the Commission adjourns I desire to offer a resolution.

The CHAIRMAN. The resolution will be read.

The secretary read the resolution as follows:

*"Resolved, That the Merchant Marine Commission gives cordial thanks to the New York Board of Trade and Transportation for the use of its rooms and for all the kind and graceful hospitalities extended during the hearings of May 23, 24, and 25."*

The CHAIRMAN. The question is on agreeing to the resolution submitted by the Senator from Massachusetts.

The resolution was unanimously agreed to.

The CHAIRMAN. I wish, on behalf of the Commission, to return thanks to the several gentlemen who have elucidated this subject and given us material for thought. We should be pleased to remain longer in this delightful and hospitable city if our public duties would permit, but we have engagements elsewhere and must now bid you good-by. [Applause.]

Thereupon (at 12 o'clock meridian) the Commission adjourned to meet in Philadelphia to-morrow, Thursday, May 26, 1904, at 10.30 o'clock a. m.

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#### HEARINGS AT PHILADELPHIA.

ROOMS OF THE BOARD OF TRADE, THE BOURSE,  
*Philadelphia, Pa., May 26, 1904.*

The Commission met at 10.30 o'clock a. m.

Present, Senators Gallinger (chairman), Lodge, Penrose, Martin, and Mallory; and Representatives Minor, Humphrey, and Spight.

The CHAIRMAN. As a matter of information for gentlemen who may not have read the statute under which this Commission was created, the Chair will take the liberty of saying that on April 28, 1904, there

was approved an act entitled "An act creating a commission to consider and recommend legislation for the development of the American merchant marine, and for other purposes."

The Commission was to be composed of five Senators, to be appointed by the President pro tempore of the Senate, and five members of the House of Representatives, to be appointed by the Speaker of the House. Section 2 of the act reads as follows:

"That it shall be the duty of this commission to investigate and to report to the Congress on the first day of its next session what legislation, if any, is desirable for the development of the American merchant marine and American commerce, and also what change, or changes, if any, should be made in existing laws relating to the treatment, comfort and safety of seamen, in order to make more attractive the seafaring calling in the American merchant service."

You will observe there is no suggestion that the Commission shall be treated to oratory concerning the existing deplorable condition of the merchant marine, which we all understand and recognize, but it is to seek information from practical men as to the remedy, if any there be, to rehabilitate the American merchant marine.

With that understanding we will proceed with the hearing, and I will ask Mr. Joel Cook to make a statement to the Commission.

#### **STATEMENT OF JOEL COOK, PRESIDENT OF THE PHILADELPHIA BOARD OF TRADE.**

Mr. Cook. Mr. Chairman and gentlemen, I will premise, as president of the Board of Trade, by thanking the Commission for having accepted our invitation to come to Philadelphia and use our hall for a public hearing on this important question. The Philadelphia Board of Trade has always been very deeply interested in anything that would extend the three great industries of importance to the country—agriculture, manufactures, and commerce—and it is particularly interested in the development of the American branch of our foreign trade—commerce.

Without desiring to inflict upon you anything in the way of oratory at all, I would simply like to devote a moment to calling your attention to the fact that the policy of the United States heretofore, in carrying on what has been well called the American system, has enormously developed agriculture and manufactures. It has also developed the commerce of the country, but not entirely upon American lines similarly to the development of the other two branches.

It has recently expended \$50,000,000 for the Panama Canal for the development of commerce; it is expending between \$5,000,000 and \$6,000,000 in the Delaware River to develop commerce; it is doing the same thing in all the great ports of the Atlantic coast and the Gulf to develop commerce; but this development is not in the same line as that which has been made in the character of the laws and in the policy adopted by the Government in the development of manufactures which has proceeded to such an enormous extent and to such great advantage for the United States in the past half century.

Of course you come to seek a remedy for this condition of our commerce. There have been various remedies proposed. We in the Board of Trade do not think that some of the remedies proposed amount to anything as radical remedies for the trouble.

## AGAINST "FREE SHIPS."

For instance, free ships. I have been an investor in shipping for a great many years, but I have not been an investor in any ship or vessel of any class or character that did not fly the American flag. And for that reason, after making a study of the policy and laws and methods as pursued in the United States, I concluded a number of years ago that it was all folly to make any further investment in ships carrying the American flag to sail in the foreign trade, because the effort to sail them was against conditions and under disabilities that were insurmountable. Therefore I stopped, way back in the eighties.

Mr. Chairman, I could then and can now have project after project presented to me to invest in ships under foreign flags. Anybody in America can do it now, but that does not accomplish the result we are after. The whole of the policy of the United States is American. We encourage manufactures because they are American. Anybody can go abroad and buy a foreign suit of clothes, but the suit of clothes, even though he pays his money for it and brings it across the ocean, is not an American suit. He can go abroad and get a foreign watch, but it is not an American watch.

I carry in my pocket a watch bought by my father fifty years ago, at the time when the first American tariff was arranged to protect the manufacture of the movements of watches. He thought it his duty to buy an American watch. He paid a high price for it. It was an American watch. He could have got then probably a better watch of foreign manufacture, but he wanted an American watch.

And similarly with the ship. We can buy ships abroad and sail them under a foreign flag, but they are not American ships, and there is no system of law, there is no method that can be pursued by the Congress of the United States to make a ship that is manufactured in a foreign shipyard an American ship. It is not such a ship.

Senator MALLORY. May I interrupt you for a moment?

Mr. COOK. Certainly.

Senator MALLORY. I should like to inquire whether from your experience in and knowledge of this matter and the conditions, you have any opinion with regard to whether it would be sufficiently profitable to induce a man to go into the business of buying foreign-built ships, and putting them in commerce under a foreign flag. Is that a paying business to-day for Americans?

Mr. COOK. I was going to come to that in a moment, sir. If you buy your foreign ship and put it under the American flag by statute, or if you buy your foreign ship and sail it under a foreign flag, it does not help the condition for Americans.

Now, imagine for a moment that you have a foreign ship under the American flag. You are still compelled, under the present legal conditions, to sail that ship according to the American system and the American prices, and you can not compete with the foreigners. It costs you too much money to do it. The running expenses of the voyage, the supplies, and all the other matters that enter into what you may call the charge, the working expense of maneuvering and moving that ship, are too high.



## TWO SHIPS COMPARED.

I have in my pocket a statement which a friend of mine gave me with respect to two steamers that are at present sailing in the Pacific trade; that is, from the Pacific coast of the United States across to China, Japan, and the Orient. Each of them is of about the same size and of the same age. Both steamers were built in the year 1900. One is an English steamer and the other an American. The English vessel's dead weight capacity is 5,400 tons and the American's 5,200 tons.

The American ship cost about \$350,000 to construct. The captain of the English ship has a monthly pay of \$100; the captain of the American ship, \$200. The mate of the English ship receives \$50; the mate of the American vessel, \$90. The English engineer receives \$80; the American, \$150, and so it goes through the list which I will submit. The crew, averaging 24 to each vessel, at \$20 for the Englishman and \$46 a month for the American, makes an aggregate per month of \$895 for the Englishman and \$1,930 for the American ship, a difference of \$1,035 per month.

Now, call it \$12,000 a year, which is pretty nearly 4 per cent upon the cost of the American ship. That is the difference simply in the pay roll. And 4 per cent is considered a fair return for a safe investment in the present condition of the money market in New York and Philadelphia.

In addition to that, the victualing of the ship averages 37½ cents per man per day for the English ship, and 60 cents per man per day for the American, or a difference against the American ship of 60 per cent; and there goes an additional amount to that 4 per cent. If you import your free ship and call her an American ship and by statute are enabled to raise the American flag over her, you will still be under the same disability.

*Monthly comparative statement; each steamer built, 1900.*

	English, dead- weight ca- pacity 5,400 tons.	American, dead- weight ca- pacity 5,200 tons.
Captain .....	\$100	\$200
Mate .....	50	90
Second mate .....	35	75
Third mate .....	25	60
Engineer .....	80	150
Second engineer .....	60	100
Third engineer .....	40	80
Fourth engineer .....	25	70
Crew:		
Average 24, at \$20 per month .....	480	.....
Average 24, at \$46 per month .....	.....	1,105
	895	1,930

Increase, \$1,035, 115.6 per cent.

Victualing per man per day: English, 37½ cents; American, 60 cents; increase, 60 per cent.

Now people go a little further and say, "Why not change the whole of this system? Why not change it so that the pay roll on the American ship will be exactly the same as that of the English ship?" Then you run against the cardinal principle of the entire protective system

of the United States as it was originally started and as it has been carried on—the wages of labor. We have kept the wages of labor up to a higher grade than that of any other country which competes with us, and the system of protection which has done that for everything else in the United States has not been able to reach anything that is across the 3-mile limit when you went outside the boundaries of the country; and yet the protective system has been growing all over the world.

Canada has had to adopt the protective system because she was our neighbor to the north; the great nations of Europe are doing it, and to-day all England is agitated on the subject of going back to the protective system she had a century ago.

#### APPLY PROTECTION AFLOAT

Mr. Chairman, what strikes me is this: If the United States has found that the protective system, as to which we all agree, and which I do not think any influential interest in Philadelphia wants to throw down, works well, as it has done for the development of everything else in the country, why not extend it to shipping? Then comes the problem how to do it. There is but one way to do it. The question of differential duties has been discussed, but that system hardly meets the situation, on account of its vagueness and the variety of those duties and the varied character of what has to be arranged to meet all the different trades, all the different countries. Then there is the further fact that if you are to develop a great freight movement, you can not do it by an arrangement of differential duties, because such a movement is in the lower priced raw materials, which are heavy and bulky and make tonnage, and yet do not figure to any great extent in import duties.

If, so far as shipping is concerned, you consider the question as to the shipbuilder equally with the shipowner after the ship is built, if labor enters, as I have understood, to the extent of 65 per cent in the construction of a modern steel steamship in an American shipyard, and if this scale of varied pay and the expenses of supply enter into the sailing of the steamship afterward, there is but one direct way to meet the situation, and that is to make a remuneration to the American citizen—the shipbuilder, the shipowner—who goes into the trade. Otherwise we shall have to bow our heads and say we can neither build ships nor sail ships in competition in the foreign trade.

And yet we have a country that sends out a larger amount of its own produce as compared with every other nation in the world, and a country which has the greatest coast line, and the country which has at this time, under all flags, the greatest commerce upon the ocean. If we bow our heads and say we can not do it, that it is a condition of affairs we can not meet, then I say it will be the first time the American race and the American people have met a problem they could not solve. [Applause.]

I thank you, Mr. Chairman.

#### SHIPOWNING PROFITS ABROAD.

Senator MALLORY. I should like to ask you a question on the line of inquiry I propounded before. I do not think you exactly answered

the question, and I want the information. I will put it in different shape.

In your judgment would it pay an American to-day to invest his money in a foreign-built ship and put her in our foreign commerce, under a foreign flag?

Mr. COOK. Speaking of the project as of to-day!

Senator MALLORY. I am merely asking for information. In the abstract, would it pay me to invest \$300,000 in the building of a ship in England, to be put under the British flag, and run in the foreign commerce, with a British master and crew?

Mr. COOK. I should say, as things are on the 26th day of May, it would not.

Senator MALLORY. In general!

Mr. COOK. There is a peculiar condition at the present time in all commerce all around the world.

Senator MALLORY. Freight rates are very low?

Mr. COOK. Freight rates are too low.

Senator MALLORY. But taking an average season, when freight rates are about at the average, in your judgment, would that pay an American?

Mr. COOK. I should think possibly it would pay an American the same as it would pay an Englishman, if he can get sufficiently astute management, I will call it, on the other side, to give him a fair competitive chance in the race he is going into.

Senator MALLORY. Notwithstanding that he is barred out of our coastwise commerce?

Mr. COOK. Notwithstanding. If an American, who is 3,000 miles off, is willing to let his property be run in that way, well and good. But as a general thing the American wants to sit on deck and watch pretty closely.

#### COMPENSATION FOR ALL SHIPS.

The CHAIRMAN. You argue for the extension of the protective principle to shipping. Are you prepared to suggest to the Commission the method which, in your judgment, would be the wisest one to adopt? We have had suggestions made as to a direct subsidy, as to differential duties, and as to the extension of postal mail subventions.

Mr. COOK. The postal mail subvention, to which I did not refer, of course is a matter which would be confined to the fast steamers, the higher-class ships, and would not meet the necessities of freight carriers at a lower speed, which, in a great many cases, do not follow the routes taken by passenger flyers, which would carry the mail. There is no way that I can see which is so plain as a direct remuneration based upon the sailing of the ship—that is, the service the ship performs—by some method of compensation according to tonnage and mileage that could be calculated, and, by extending that aid to the building of ships, to cover the difference in the cost of labor. You would have to calculate upon two different methods for the building and for the sailing. You may call that remuneration or compensation or subsidy or bounty or anything else you please, but it is the only method, unless you throw down the whole protective system of the United States; and I, for one, am not ready to do that even to save the shipping of the United States.

**STATEMENT OF WILLIAM D. WINSOR.**

The CHAIRMAN. Is Mr. Winsor, chairman of the committee on commerce of the Board of Trade, present?

Mr. Winsor appeared before the Commission.

The CHAIRMAN. Mr. Winsor, state what business you are engaged in at the present time.

Mr. WINSOR. I have been all my life in the coastwise-steamship trade, and also have had some interest, and have at the present time, in foreign shipping and trade.

Mr. Chairman, and members of the Merchant Marine Commission, in referring to the subject under consideration, there have been several forms of assistance advocated to remedy the evils under which American shipping is now languishing, i. e.:

Bounty to shipowners building ships.

Compensation for carrying the mails.

Discriminating duties.

Free ships.

Subsidy.

**BOUNTY TO SHIPOWNERS BUILDING SHIPS.**

This would take the shape, as I understand it, of a bounty per ton paid to the merchant to offset the difference in cost between a ship built in America and a foreign-built ship. There would be great difficulty in arriving at and maintaining the proper bounty per ton, inasmuch as the cost of building constantly varies with changing conditions in this country as well as abroad, and what would be correct one year might not be the next.

Further, the bounty per ton would vary with the different character of vessel—a freight steamer not being in the same class with an ocean liner. This bounty, however, would not in any way offset the additional cost of running expenses, wages, maintenance, etc., which is one of the greatest burdens the American shipowner has to bear.

**COMPENSATION FOR CARRYING THE MAILS.**

The end sought to be attained by the extension of legislative aid, as I understand it, is the building in this country of freight ships to ply to all parts of the world, which would give us not only our share of the carrying trade but employment to our people, to the capital invested in our great shipyards, and work both in the yards and in the interests allied to shipbuilding.

In order to be economical, vessels of this class are necessarily of moderate speed, while it is an essential requirement that the mails should be carried upon fast vessels; in addition to which there are many ports to which the mails could be forwarded more rapidly by other means. In many cases the amount of such aid would necessarily be inadequate to accomplish the purpose it is sought to attain—that is, the running in competition with the cheaper vessels of other nations. Compensation for carrying the mails, therefore, does not seem to cover the ground, nor is it broad enough to build up American tonnage.

## DISCRIMINATING DUTIES.

This is a very intricate subject. As I understand it, this is a proposition to remit to the consignees a certain percentage of the duties upon goods if imported in American bottoms, or to impose an additional duty if carried in foreign bottoms. This would certainly in one case benefit the importer who would be fortunate enough to forward by an American vessel, but it would help the shipowner only by tending to give American vessels the preference. I can not see that it would aid in any way to confine our export trade to American vessels, and this is a large and important part of the trade between the United States and foreign countries.

It is also open to the objection that it is not general in application, inasmuch as there are many ports from which the bulk of the goods imported are free and upon which there would be no duty. In certain lines of trade the goods bear a high rate of duty and it would be an inducement to ship by American vessels, but on goods of a different character and less value the same inducement would not exist. In any case, the quantity of such goods would be uncertain on each voyage and the shipowner could not feel assured that the quantity would be such as to make the business remunerative to him and warrant him in building and running vessels under it. It is probable also that discriminative duties would interfere with existing commercial treaties with other nations; in any event it would be likely to cause retaliation in some form upon their part. At best, it is a somewhat cumbersome method and uncertain in its application.

## FREE SHIPS.

This is nothing but free trade, pure and simple, and seems a most inconsistent method of remedying the present condition of the American merchant marine, which has been caused by the high protective tariff upon all other products. It is true that this would give us cheaper ships (and so would the abolition of the duty give us cheaper broadcloth and other goods), but they would not be American ships in any sense but by the fact of registration, nor would it tend to increase and foster our shipbuilding; even the repairs of foreign-built ships would be difficult in this country, as every one conversant with shipbuilding knows that a ship is best repaired in a home port, owing to difference in construction, method, etc. Why should the ship industry be made the only exception to our present system of protection?

## SUBSIDY.

This word unfortunately has an awful significance to the American people mainly, I think, from a misconception of its application. To the popular mind it is regarded as a direct bonus and profit to the shipowner paid from the public Treasury. In point of fact, a subsidy in the present case is only an equalization to the shipowner for the yearly loss of interest, depreciation, and insurance on increased cost of building in the United States, and the increased cost of running, wages, maintenance, etc., thereby enabling him to derive only the same profit from the business that is now enjoyed by foreign vessels, all

these disabilities having been produced by the policy of protection which has been applied to almost every other industry to its great advantage, thereby enhancing the cost of building and running the vessels to the American shipowner who has been left to struggle with the problem as best he could.

In all cases, the plainest, simplest, and most straightforward method is the best. The payment of a moderate subsidy per ton per mile traveled is broad and equal in its application and of such a character as to enable the shipowner or capitalist to easily estimate whether with such assistance he can profitably build and operate vessels not in one line of trade only, but to all parts of the world. Divorced from "subsidy" by the substitution of some other word, this method would lose some of its terrors.

I therefore advocate the direct payment of a moderate compensation per ton per mile to all classes of steamers and sailing vessels engaged in foreign commerce as the best remedy for the existing evils.

#### STATEMENT OF ALBA B. JOHNSON.

Alba B. Johnson appeared before the Commission.

The CHAIRMAN. State to the Commission in what line of business you are engaged.

Mr. JOHNSON. I am engaged in manufacturing a line of products which are exported largely to other countries. I am a partner in the Baldwin Locomotive Works, of Philadelphia.

I do not come here as a shipbuilder interested in building up an industry which, although vitally important, has been allowed to languish, nor do I come as a shipowner interested in operating ships, but as a manufacturer interested in sending his products to every country in the world.

#### ADVANTAGES OF AMERICAN SHIPS.

It might be said that it makes no difference to me or to other manufacturers whether our goods are shipped in American bottoms or in foreign ships, provided the rate of freight paid is no higher than that paid by our competitors. I am of the opinion, however, that as an American interested in the extension of American commerce this would be too narrow a view to take of the matter. Were our goods to be carried in American ships, it would first of all cause the creation of a great number of American houses in foreign ports interested and ever present to promote American commerce. It would mean that Americans would be stationed in foreign countries, ready to take advantage of any commercial opportunity which might offer there, just as the sons of England and of Germany are scattered all over the world ready to extend the commerce of England and Germany. Furthermore, it would mean that American capital would go forth and occupy a field which at present is occupied almost entirely by foreign capital.

The American people, I feel sure, are unanimously desirous of removing the obstacles which at present exist to the extension of American commerce. These obstacles are, first, the additional cost of building American ships; and, in the second place, the additional cost of operating American ships. Both of these are real obstacles which at the present time make it unprofitable either to build or to operate American ships.

## OUR ONE UNPROTECTED INDUSTRY.

The shipowner would like to have free ships. He would like to have our navigation laws abrogated, so that he could operate those free ships as cheaply as his foreign competitors do; but that would expose our shipbuilders and our sailors to an unlimited and destructive competition, which would place them upon a different plane from Americans engaged in other lines of industry.

In other words, we have extended our protective system to every line of American industry except the sailing and operating of ships. We have more than protected the shipbuilding industry, because our laws actually amount to a prohibition of the importation of a foreign ship. That is a degree of protection greater than that enjoyed by any other American manufacturer.

We want our new marine to be built in American shipyards, and we want our American ships to be operated by American sailors. Therefore we do not desire to withdraw from either of those branches of industry the protection which they at present enjoy. But we do want to extend the protection to the ship-operating as well as the shipbuilding industry.

## THREE FEASIBLE METHODS.

There are three methods which I should advocate, all tending to the restoration of our shipping. The first would be the payment of an abundant compensation for carrying the mails, graded according to the speed of the ship. The second would be a moderate tonnage or subsidy, payable upon the outward voyage only. The third would be a moderate reduction of the duties on goods imported in American bottoms. It occurs to me that possibly a reduction in duties of 10 per cent on goods imported in American sailing ships, or of 15 per cent on goods imported in American steamships, would create such a demand for American tonnage as to accomplish the end we all have in view. It would cause every American importer to specify to his foreign correspondent that if at all possible his shipments must be made home in American ships.

Now, we want to accomplish two things. The first and most important is that we want to create a fleet of tramp steamers which will carry the American flag into every port in the world, instead of its being, as it is at present, a curiosity; and I may say that if that is accomplished, I believe the establishment of line steamers will follow as a natural sequence. But eventually we desire also to have our mails carried in fast steamers, which will be available for the Government in case of war.

## CAUTIOUS TARIFF REDUCTION ALSO.

I believe that the plan I have suggested would accomplish both of those ends. It is perhaps an unusual position for a manufacturer to suggest a reduction in any form of our tariff protection. I believe, however, that the time has come when some concessions must be made for the promotion of reciprocal exchanges with other countries. We have built around us a tariff wall which in my estimation is as to some industries higher than we actually need for protection.

Like wise business men, having a property here which is a little larger than we need, let us sell off the surplus at the highest price for our own welfare. Let us take the bricks off the top of the wall and sell them so that the benefit may come to American shipping and let it participate in a benefit it has never had before.

Our people have been very reluctant to approve of subsidy legislation, because they have felt that it was likely to accrue to the benefit of particular interests. For that reason there has hitherto been a general acquiescence in, if not a tacit approval of, the postponement of legislation which has looked entirely to subsidies as the sole means of reviving our shipping. I believe the adoption of the three methods I have named would make it practicable to make the rates of subsidy so moderate that, in connection with the other measures of encouragement, they would be approved by our people at large.

Mr. Chairman, in the general outline which I have suggested I stand upon the same ground that our apostle of protection, the late President McKinley, adopted in his speech at Buffalo, and I believe that the advantages of the more liberal policy which he proposed can be extended not only to reciprocity treaties, but to the advantage of American shipping as well.

#### STATEMENT OF GEORGE E. BARTOL.

George E. Bartol appeared before the Commission.

The CHAIRMAN. Mr. Bartol, what line of business do you pursue?

Mr. BARTOL. At present I am in the West Indian fruit trade.

The CHAIRMAN. Are you an owner of ships?

Mr. BARTOL. Not an owner, but I operate four ships.

The CHAIRMAN. Proceed with anything you have to say.

Mr. BARTOL. Mr. Chairman and gentlemen of the Commission, it is with a feeling of timidity that I venture to address you as to the remedies necessary for the revival of the American shipowning interest. The subject is so great a one and my opportunities for studying it have been so limited that I feel that any suggestions I may make will be of little value. Yet, if I correctly understand the purpose of the appointment of this Commission and the purpose of these meetings in various cities in different parts of the country, it is that opportunity may be afforded to "many men of many kinds, and many men of many minds" to express to your honorable body their individual views as to the remedy or remedies needed, so that you, after hearing all of these diverse views, may cull the wheat from the chaff and submit to the Congress of the United States recommendations as to what remedies in your judgment are requisite to be applied to cure what all admit to be a deplorable condition, viz, the dependence of this great country upon foreign nations for the carriage of its vast export and import commerce, or, expressed in another form, the restoration of the American shipping interest, so that American trade may cross the seas in American ships, protected by the American flag.

My first experience with the American ship commenced at an early age, my tastes leading me to read the stories relating to the exploits of our ships in the wars of 1776 and 1812; also the many fascinating tales published for boys concerning whaling and other hazardous ventures upon the seas. Such early reading naturally culminated in a sea



voyage, and at 16 years of age I shipped as "boy" on an American barkentine of 325 tons burthen, hailing from Bath, Me., and bound on a voyage to a port on the Black Sea, southern Russia, with a cargo of Baldwin locomotives, returning at the end of nine months to Philadelphia, after touching at several ports in the Mediterranean. That was in 1874, and I have been more or less intimately connected with the shipping trade ever since.

First. In the sugar business, employing a number of American vessels every year in the trade between ports in the West Indies and this city.

Second. In the general importing and exporting business with Europe and the United Kingdom, employing for general business the various lines of foreign-owned ships plying on the North Atlantic, and for the grain trade English tramp steamships.

Third. The West India fruit trade, in which I am at present actively engaged and employing four foreign ships under time charter, three of them being Norwegian vessels and one English.

I have never been a shipowner and can not, therefore, speak with any knowledge of the difficulties experienced by them in competing with foreign-owned ships, but my natural tastes and affiliations have been such that by a process of what may be termed mental absorption and sympathy I have formed certain ideas on the subject under consideration, which I shall now endeavor to present to you in a condensed form.

#### WHY OUR SHIPS HAVE VANISHED.

1. *The disease.*—The practical disappearance of the American flag and the American-owned ship from the foreign trade. This, of course, applies especially to the steamship which, as a matter of fact, never really existed in the past at all under the American flag, the decadence of the shipping interests dating from about the period when the ocean steamship commenced to be a factor in the trade. But the remedy must deal with methods of encouraging the growth of the steamship interests for general commerce.

2. *The causes of the disease.*—These are numerous and complicated, but, as I see them, they rank as follows, the most important first:

(a) American capital has not, until very recently, been sufficiently abundant to make it necessary for its owners to take low rates of return for its use. The capital requirements of our country for its own internal development have been very large, and such use of capital for internal development has brought to its owners vastly larger returns than were to be found in the ocean-carrying trade, where the competition was keen and the average rate of return on capital invested was low when the risks were considered. This cause of the disease, I believe, is entitled to first place in considering the subject, but it is a cause which is remedying itself. Capital here is becoming daily more abundant, the average rate of return for its use is falling, and Americans are showing a willingness to invest money abroad, which a few years ago they did not exhibit.

(b) The greater cost of operating American ships, which is admittedly from 50 to 100 per cent above the cost of operating foreign ships. This cause can only be remedied by legislation which will afford complete relief from the burden.

(c) The greater cost of constructing ships in American yards, owing to the higher wages of American mechanics. This is a variable quantity, differing in different years, and also with the class of ship, but may, I think, be safely averaged at from 25 to 50 per cent. Probably for the ordinary cheap cargo boat the difference would average nearly 40 to 50 per cent. Some figures recently obtained by me on the subject indicated that a small steamship suitable for the fruit trade, which would cost about \$80,000 to build abroad, would cost on this side about \$110,000 to \$120,000.

#### HOW THEY MAY BE RESTORED.

The three causes above named cover, in my opinion, the main causes of the disease and brings me to the remedies, and I have no doubt your honorable body will be so overwhelmed with the number and variety of remedies which will be suggested to you in the course of your investigations that you will be embarrassed with riches.

The cause to which I have assigned first place, viz, the disinclination of American capital to invest in ships because of the higher rates of return to be secured from investments on the land, is, I believe, rapidly being cured by natural causes, and will entirely disappear if the American ship can be operated as cheaply and cost the owner no more than the ships he is competing with. Whatever cures the next two causes of trouble will immediately cure the first also.

The second cause, viz, the greater cost of operating the American ship under the conditions and laws existing to-day. I believe the only remedy is to permit the American ship to secure her crew when, where, and on such terms as she pleases without restriction. I am not considering at all any question of creating a body of American seamen to fill the ranks of our Navy, but simply the question of a fleet of American-owned trading ships to compete in the ports of the world for the carrying business of the nations. These cargo vessels will get no favors in the matter of freight rates or port charges. They must compete with the ships of the world, and to do so, must be able to operate as cheaply. The fleet can not be created, capital will not invest, unless on at least an equal footing with competitors. This proposes no hardship to the American sailor in this trade, as he does not exist; the fleet does not exist, it is to be created; it is a new industry and it can not well be protected. When the ship passes into blue water she must meet all the world on equal terms.

#### FOREIGNERS AS OFFICERS AND CREW.

Senator MALLORY. Am I to understand that you advocate a policy by which American vessels shall be permitted to employ foreigners as officers? Do you favor that?

Mr. BARTOL. I advocate allowing an American ship to get her crew where she can get them on terms to compete with the foreign vessel.

Senator MALLORY. She is now permitted to get her crew where she likes. I refer to the officers. Are you in favor of changing the law on that subject?

Mr. BARTOL. I am in favor of letting the ship get her officers and crew where she can get them on terms so that she can compete with the ships with which she has to compete.

The question of a body of American sailors as a reserve for our Navy is a question foreign to the subject under consideration, but if necessary to be considered, let them be drawn from our coasting vessels or lake carriers, which can be and are protected, and might be compelled to carry American crews. Patriotism is not confined to sailors, and landsmen from our interior districts make good naval seamen with a very few months of training on a cruising training ship. The old-time able-bodied seaman, who could hand, reef, and steer, finds little room for his knowledge on a modern man-of-war with scarcely a rope, spar, or sail on board. A good blacksmith who did not get seasick would be quite as patriotic and more useful in a few weeks.

The report of the Commissioner of Navigation shows pretty plainly that the only effect of our restrictive laws relative to the engagement of crews is to raise the rates of pay on American ships without giving them American crews. The percentage of foreigners on American ships has ranged, during the years from 1903 back to 1894, from 51 to 71 per cent.

When I was at sea there were on the ship three Americans—the captain, the first mate, and myself—two Portuguese, two Norwegians, a Swede, two Englishmen, and that proportion seems to remain just about the same—about 30 per cent Americans and the rest foreigners, or some of them so-called naturalized Americans.

The principal effect of the higher pay on American ships is to make the operating of the ships unprofitable and to encourage desertions from foreign ships when in American ports. That is shown by the reports of the commissioner at San Francisco. Every foreign ship loses her crew almost as soon as she gets there.

The superiority of the American crews as at present constituted, which would be the only warrant for the higher pay they receive, is not proven by the tables given in the report of the Commissioner of Navigation, which set forth the number and causes of casualties to American ships and foreign ships.

#### COMPENSATING HIGHER COST OF CONSTRUCTION.

The third cause I have named, viz, the greater cost of constructing ships in American shipyards, is a serious but remediable difficulty. Some sort of refund must be made to the shipowner as an equalization charge to offset the higher first cost. With this fairly adjusted—and to adjust it fairly is a matter of mathematics—the shipowner will be content to pay the higher first cost, and the shipbuilder and his employees will disappear from the consideration of the question, as they will be satisfied and will get the business.

In considering the matter of such an equalization charge as will reimburse for this original higher cost, it must be borne in mind:

(a) That the capital sum representing this higher cost must be first paid out, and that the interest on the said sum will go on nights, days, and Sundays; also, that a ship must be insured, this extra cost must be insured, and that extra insurance cost goes on all the time. Further, a ship wears out and a proportion of the extra cost must be charged off annually. All of the above charges go on whether the ship be busy or idle, carrying cargo or sailing in ballast, and no tonnage payment based on tons of freight carried will fully meet the requirements. It will be too much under some conditions and totally inadequate in

other cases. The more cargo a ship has on board, the less she needs governmental help; inversely, the less cargo, the more help is needed, as the owners are not receiving so much freight money.

She should be helped to go from port to port in ballast, as unless she can do this on equal terms with competitors, she is handicapped in competing for business. The expenses I have named go on all the time and must be offset all the time. To pay a refund based on the tons of freight actually carried will miss the mark and simply cause the shipowner to become a rate cutter. It will be a case of any rate of freight to get the tonnage. The ship must not be treated as a pauper; it is not a case of charity; it is simply a case of refunding in a legitimate, dignified way the extra cost due to our American system and higher wages.

(b) If the laws should not be so changed as to permit of the crews of such ships being employed on a competitive basis, then, of course, it will also be necessary to compensate for the extra cost of operating involved in running ships under the existing laws, and such compensation should and must cover the operation of the ship under all circumstances when these extra expenses are running, ship sailing full loaded, light, or in ballast, for the extra expenses of the crew are just the same under all of the above-named conditions. For this class of compensation all time spent in port above a proper number of days could be deducted, so as to encourage ships to be at sea and not idling in port.

I have endeavored to set forth the causes and remedies as they appear to me and trust that they may prove worthy of your consideration.

I have not gone into any statistics to prove the case, or suggested any details as to the remedy. The statistics I know are at your service in any volume you may desire, and the details of the remedies suggested will involve a vast amount of labor; but if, as I understand matter, the trouble is admitted, and the prime causes of the trouble are known and admitted, then, if remedies along the lines I have advocated are accepted as a principle, there are no real difficulties in the way of their proper application, and the question resolves itself into a matter of figures.

The term "subsidy," which I have heard used so much, is to my mind and to the minds, I think, of almost all the American people, an offensive one. It gives an idea of something given for nothing, an unearned profit given to a shipowner at the expense of the rest of the country. It is a wrong idea. It is a wrong phrase. The only proper thought to consider in this connection is a question, not of subsidy, but of compensation for added cost due to American conditions.

The American citizens can and must be made to understand that the American tariff, which protects American labor and American products within the boundaries of American territory, can not protect the American-built ship when she passes out onto the blue water beyond the confines of the tariff barriers.

#### STATEMENT OF JOHN S. W. HOLTON.

John S. W. Holton appeared before the Commission.

The CHAIRMAN. Are you a vessel owner?

Mr. HOLTON. Yes, sir; I am.

The CHAIRMAN. Your business is that of shipping to some extent?

Mr. HOLTON. Yes, sir.

The CHAIRMAN. The Commission will be glad to hear from you.

Mr. HOLTON. Mr. Chairman, by reason of the peculiar character of the institution of which I have the honor to be president, the Philadelphia Maritime Exchange, representing many different interests, representing, as you can readily understand by its title, all of the foreign interests centered here in the port, I have considered it fairest and best to invite six of our members to address your honorable Commission. I did that in order that anything I might say should not be construed to indicate the sentiments of the exchange perhaps unfairly or unjustly. The names of these gentlemen appear on the list before you, and I am sure it will be their pleasure to address you before your sessions close.

Before taking my seat I should like to refer for an instant to a portion of the speech of one of the honorable gentlemen who addressed you during your sessions in New York, in which he referred to agriculture as being the sheet anchor of the nation, and left ground for the inference that we should be satisfied with that condition. I suppose agriculture was referred to as the sheet anchor for the reason that it is the only industry whose products can find their way into the markets of the world during all conditions of trade. I think the answer to that is that agricultural products, being perishable, must find markets, no difference what the loss may be. Secondly, there is no class of labor so poorly paid as that of the agriculturist. There are no laborers whose hours of work are so long.

The farm hand works from sunrise to sunset, and he is the poorest paid laborer there is on the American continent. That coupled with the fact that the products of the farm must be sold, no matter what the loss may be, shows a condition which we could hardly accept as being a stable one for all our industrial structure.

If we were to take up each industry, take, for instance, ship building, and reduce it to the level of farming, and if we should proceed likewise with the other classes of manufactures, we would before long have a condition in America such as exists in the poorest of European countries.

The question before your honorable Commission is a very grave one. To my mind it is perhaps the most important that has engaged the attention of Congress for a long time. It is one which requires the best and most experienced thought, not only of Congress but of the whole people. It is one that requires expert treatment, and while your Commission is finding a remedy, and applying it, for the ship itself, it is to be earnestly hoped that you will apply remedial legislation also to the existing navigation laws, in order that those abuses may be reduced to a minimum, for they are generally regarded as constituting one of the greatest menaces to American shipping to-day.

I appreciate your courtesy.

#### PROTECTING THE SAILORS.

The CHAIRMAN. You speak of abuses consequent upon the navigation laws. To what do you refer?

Mr. HOLTON. Particularly to the principle by which the labor of the seamen is controlled by the boarding-house keeper, as a result of which

only the lowest class of seaman labor is dealt out to the employer—the sailor who is without funds and who is the least desirable for the boarding-house keeper to keep in his own possession.

Senator PENROSE. What remedy would you suggest for that condition?

Mr. HOLTON. Senator Penrose, I could not suggest one offhand. I only know that it exists in a very harmful degree. Some legislation amendatory of the present law, regulating the influence of, or the part the boarding-house keeper plays in the dispensing of marine labor would perhaps accomplish the result.

Senator LODGE. There was a suggestion made in New York on that point which struck me as a very important one. It was suggested that it would help the situation very much if the United States shipping commissioners were authorized to receive deposits of seamen's wages when they landed and make remittances for them to their families, when they had families, making it something like a postal savings bank. It was further suggested that the shipping commissioner should have power to furnish seamen. Do you think that would in any way meet the evils of which you have spoken?

Mr. HOLTON. I should think it would, because then there would be somebody responsible not only to the employed, but to the Government, for the faithful performance of the duty which he undertakes to perform.

Senator PENROSE. It would of course to a certain extent save the seamen from crimps and boarding-house keepers.

Mr. HOLTON. There is no mistake about that.

#### STATEMENT OF FRANK J. FIRTH.

Frank J. Firth appeared before the Commission.

The CHAIRMAN. Mr. Firth, will you kindly state to the Commission the business in which you are engaged?

Mr. FIRTH. My business is connected with the ownership and management of lake vessels in the coastwise trade. I am very glad to make that statement, because vessels in the coastwise trade on the lakes have no possibility of benefiting directly from any remedial legislation that you may enact. They ask no assistance.

I will refer to the further fact that the vessels on the Great Lakes, absolutely protected as they are by law, have not developed monopolies or high rates. On the contrary, they are the best vessels anywhere afloat under the American flag, affording the cheapest rates of freight known in the world. So, in my judgment, it should be possible to legislate intelligently and effectively upon the reestablishment of the American merchant marine in the foreign service. Of course it can not be done in the same way that it has been done on the Great Lakes. You can not exclude other vessels from the oceans or from the markets of the world, but there must be some method. If you accept the situation that something must be done, it would be un-American not to find a way to do it.

#### AID MUST BE LIBERAL.

A most important factor, if you extend any aid at all to the merchant shipping on the oceans, is, that you shall be very careful not to make any mistake about the amount of that aid. You can not drive

a niggardly bargain with people whom you are trying to induce to enter into this business. If you give too little what you do will be a failure. If you give too much there is an absolute certainty that you will have competition which will give back to the people in reduced rates of freight what you have paid in excess. It would ruin the whole thing if you were to allow the enemies of the plan to induce you to give less than ought to be given.

As a citizen I would not be personally interested in this matter if it were merely a commercial question, important as it is, but I have come to regard this as a very great national question in its relation to our possible needs in time of war. Not only will we need and must have transports, colliers, etc., to assist and cooperate with the Navy, but we must have absolutely up-to-date shipyards and thoroughly trained men in those establishments, and we must have competent men to man the vessels. I want to take it up on that ground, not wholly on the commercial ground, and to suggest that your naval requirements will oblige you or your successors in office to give this aid.

We of the Great Lakes are not directly interested in what you do, but indirectly we are vastly interested. You can not do anything for the benefit of the whole country without our getting our share of it.

#### AS TO DIFFERENTIAL DUTIES.

Various methods have been suggested as to the kind of assistance you shall give. First, consider aid by differential duties. It is a very taking idea. You have the successful experience of a century ago, although it has no bearing on to-day's conditions. You are told that the plan succeeded then; why not now? I will state a few of the many objections to the differential-duty method: It does not take into account at all the length of the voyage. For example, if you were to ship a cargo of sugar from Cuba to New York, the ship would get the same amount as if it brought exactly the same cargo from the Philippines to New York.

The next thing you strike as a defect in the differential-duty plan is the vastly different dutiable value per ton of the cargo. Therefore you at once offer an inducement to every American ship to seek exclusively the most valuable cargoes, which would pay the largest differential duties. That is exactly what you do not want done. Ships carrying non-dutiable property would receive no compensation. The differential duty, however, is an attractive proposition. It has the precedent of a successful use in a past century. It has another feature that always attracts. It seems like an indirect method of doing what you want to do. It is always attractive to the average citizen to think that money paid out does not come out of his own pocket. I do not think it is wise to ignore that method of looking at these questions. There is something in the proposition that people will feel the money is coming out of somebody else, and not coming out of the Treasury in a direct way.

So, I suggest that you consider, in deference to the differential-duty party, if there is one, a proposition to credit to a fund in the Treasury 10 per cent of the duty on property carried in American bottoms as a fund for the benefit of the American merchant marine, but do not distribute that fund on any such foolish basis as to give each vessel the duty rebate on property carried by it. Get your fund in that way, if you so decide, but distribute it in a sensible manner.

## BONUS AND SUBSIDY.

Another proposition has been made to pay a cargo-tonnage bonus. I wish to say that from newspaper reading on the subject I have never seen this method advocated by anyone friendly to what you are trying to do. It never has been advocated by anyone who was an unselfish believer in the general rehabilitation of the American merchant marine, and so I think it is not worth your consideration.

As to subsidies; subsidies appear to represent, as they are commonly understood, a direct payment to vessels on a tonnage-mileage basis or on the postal basis. This is rather attractive, but it is a wholesale proposition which I think is wrong; that is to say, I do not think we can work out any plan of subsidy, spreading it over the commerce of the Atlantic and the Pacific, which can by any possibility be just to each vessel interested. You will find that on certain lines greater assistance is needed than on others. This will be true on lines where competition is sharp, and where other countries are subsidizing their ships. To work out a common basis on which our ships all over the world can move and receive the aid they need from this Government, I consider impracticable and very wasteful.

## NOT ALL AT ONCE.

The question is dealt with generally in this wholesale way. We say there is a decadence of American shipping. The American flag is seen nowhere in the world. We want at once to change that condition. We want at once, like true Americans, about 90 per cent of the whole commerce of the oceans. The merchant shipping can not be created in a wholesale way and it can not be created, in my judgment, on all lines of travel at once. I have looked at this question as an individual engaged for many years in the shipping and vessel operating business. If I had before me the problem that you have I would not say, "Our shipping must be restored all over the oceans at once," but "Where are you suffering worst for American shipping?"

Take this illustration: Suppose it is said that a service is most needed between New York and South America. Any United States citizen desiring to export the products of our country to South America has to go to Liverpool to do it, and that certainly is not right. So that is one of the particular routes of travel as to which I would say there is no doubt about the necessity of our doing something, if we are going to do anything anywhere. If you should reach the conclusion that something has to be done on that particular route, you naturally would say, in clear language, just what you want.

## TO THE LOWEST BIDDER.

If you want four ships of 3,000 tons' carrying capacity each the first year, and a couple of ships each ensuing year until the demand is supplied, you would ask for tenders for that particular service for a term of years, and would have its details determined not by members of Congress, who may not be particularly familiar with shipping, but by people who are willing to stake their money and their time in the business. Let them tell you what the service on that particular line is worth; what they need to enable them to maintain from New



York to Brazil, a specific service for say ten years. Then award the contract to the lowest bidder, and protect that lowest bidder during the term of his contract by not paying anybody else who may wish to establish a rival line. If during the ten years we learn enough about the ocean business so that American ships of less operating expenses can, without Government aid, enter into competition with the first man, let them do it. The first man is not entitled to any more protection than this. Give him the market under his contract just as long as he can hold it against other Americans without any aid to anyone but himself.

There are many lines of ocean travel in different parts of the world where in my judgment we should have a merchant service, and, assisted by the merchants of the country and the shipping interests of the country, I would find where those lines are. You can not undertake to act as experts, and determine what it ought to cost to perform each part of the work, the employment of the men, the cost of supplies, etc. That is not your work. But you must decide, on the statements made to you, as to whether the service is needed, and if it is, then you ought to provide it just as you would acting as private individuals, by giving aid to the man who can render it to the country cheapest.

#### NOT A PARTY QUESTION.

You have on your Commission what I understand is called minority representation. You have a certain number of Republicans and a certain number of Democrats. I hope that means Congress is not going to take up this matter as a political or party question, and that you will have no minority report from the Commission to Congress, but that you will labor until you can unanimously agree on a practical plan to meet the situation. Whatever differences we have within our own borders, we do not want to have enter into this matter any question of Republicans or Democrats or any of the isms or antis we hear of every day, but we want to stand together as Americans and work out this problem on that basis.

The CHAIRMAN. In response to Mr. Firth's suggestion, the Chair will take the liberty of saying that it is the purpose of this Commission to reach that precise conclusion if it is a possible thing to do. As yet we have not encountered or heard a suggestion of a political or partisan nature in connection with our inquiry, and we hope we will not up to the time it closes. [Applause.]

Mr. FIRTH. I wish to submit an extract from the London Engineer of May 6, 1904:

During the four months of the year now completed shipbuilding activity on the Clyde has been well maintained, and altogether about 100 vessels, aggregating 136,000 tons, have been sent off the stocks, the average size being thus 1,360 tons. Not a few of the vessels, however, were of very large tonnage, of the 'intermediate' class, for well-known ocean lines, and heavy dead-weight carriers, several of them for the dead-meat trade. The four months' aggregate forms a good average figure for the corresponding period during the last decade. Notable vessels launched during the latter part of the period were the turbine-propelled steamer *Princess Maud*, built by William Denny & Bros., Dumbarton, for the Stranraer & Larne cross-channel service, and the turbine steamer *Londonderry*, built by the same firm for the

new Irish Channel service of the Midland Railway Company between Heysham and Belfast. For this same service John Brown & Co., Clydebank, completed the *Antrim*, a sister vessel to the *Londonderry*, but propelled by the ordinary reciprocating engines, while a third and similar vessel, the *Donegal* was launched by Caird & Co., Greenock. Speaking of the results attending the speed trial of the turbine steamer *Princess Maud*, Mr. James Denny, of the Dumbarton firm, said that according to the terms of their contract for that vessel they had to obtain 20 knots over a double run between the Cloch and Cumbræ lights, and this with a restricted air pressure and the use of Scotch coal. Instead of 20 knots, they got 20.7.

"Even this, he considered, did not quite represent what was in the vessel, because on the second part of the run those in charge of the engines found themselves embarrassed from the unusual cause of having too much steam. Giving the engines the benefit, they were driven faster, with the result that on the second half of the trial, and allowing for the considerations of tide, wind, and sea, the speed of the *Princess Maud* came to nearly 21 knots. Had it been necessary, they would not have had any difficulty, under the trial conditions, of realizing that as the mean speed; because the air pressure they were allowed to work with had never been even approximately approached. Mr. Denny said that the firm anticipate a correspondingly satisfactory result from the trial of the Midland Company's *Londonderry*, which is now receiving her outfit of turbine machinery, these being, in this and the other vessels referred to, of the Parsons type, made by the inventors' firm at Wallsend. With respect to the new work on hand by Clyde shipbuilders, reports now confidently include one of the two great Cunard liners, which are to be turbine-propelled, the firm absolutely and finally credited with her construction being John Brown & Co., Clydebank. At the present time they have two large Cunard steamers of the intermediate order on hand—one of which is to be propelled by turbine engines—and they have dispatched to the St. Louis Exhibition a splendid model of the 25-knot Cunarder, according to the design they have prepared for this notable steamship. The amount of work now on hand and to begin, including the fast Cunarder, is 190,000 tons, this being some 55,000 tons greater than the total output for the past four months."

Compare this record of one shipbuilding district in Great Britain (not the only or most important one) with the entire United States.

Mr. Chairman, I also now submit a typewritten statement, although I do not know that it covers everything I have said to-day.

The statement referred to is as follows:

*To the Merchant Marine Commission.*

GENTLEMEN: I have been invited to submit to you a statement embodying my views as to the kind of national legislative assistance that is needed to reinstate the mercantile marine of this country in the position which it once held. The invitation says that your honorable Commission is fully aware of the difficulties under which American vessels labor and that you do not need any information upon the comparative cost of building or operating American and foreign vessels, but that you only desire suggestions as to the method of remedying disabilities known to exist.

## GREAT LAKES.

My business life has been devoted to the management of vessels operating upon the Great Lakes. These vessels are fully protected by existing coastwise laws and do not expect to benefit directly from any remedial legislation that may be enacted. They do expect to benefit indirectly, because effective remedial legislation of the class you are considering must benefit the entire country.

## MERCHANT MARINE UNPROFITABLE.

The recognized situation as to our merchant marine upon the oceans is that because it can not be operated with a profit sufficient to attract capital it is rapidly passing out of existence. It can only live and grow in importance by its yielding a reasonable profit to those venturing their capital and time in the creation and management of merchant vessels. As this profit can not be obtained without a radical change in existing conditions, the practical question is, How may such change be effected so that a sufficient sum will be added to the gross revenues such vessels are now able to secure to return a satisfactory profit to their owners?

## GOVERNMENT AID.

This necessary additional revenue can only be had through some form of aid extended by the United States Government. The necessary aid should be extended if the result sought to be obtained is of such great public interest as to justify this exceptional action on the part of the Government. It may not be amiss to here call attention to some of the reasons that appear to demand that the United States Government shall recognize this proposition to restore our merchant marine on the oceans, as one of great public importance.

## NAVAL ESTABLISHMENT.

The necessity for the creation and maintenance of such a naval establishment as will guarantee peace is generally recognized. Large appropriations are, and must continue to be, made to build, maintain, and operate vessels of war. These war vessels can be of no possible practical use in times of active service without colliers, transports, etc. Shall the United States Government build these colliers, transports, etc., and hold them idle in times of peace at an enormous expense for construction and maintenance, or is it wise to encourage (as may be done at much less cost) the building and operation of badly needed merchant vessels that can be used with profit to the country during long periods of peace and be always available for governmental use in time of war? There appears to be but one reasonable answer to this question. It is difficult to see how any patriotic citizen can hesitate a moment to admit that it is our duty to provide in peace for the needs of a period of war, and that this should be done under methods imposing the least possible burden upon the people. It is far cheaper for the Government to cause the construction and operation of merchant ships than to itself build and maintain the same ships for use by the naval establishment in time of war, holding them idle in time of peace.

## INCIDENTAL BENEFITS.

Incidental to this fundamental reason for rehabilitating the merchant marine, are the beneficial results to be found in the field that will thus be opened for our labor and capital in building, owning, and operating vessels, and in opening new foreign markets for our products, which markets can never be developed so satisfactorily by the use of foreign ships as by ships owned, manned, and represented abroad by our citizens.

## AMERICAN SHIPYARDS.

If Government aid is extended to our merchant shipping in any form it should not be allowed to operate for the benefit of foreign shipyards, but should be secured beyond possibility of doubt for our own shipyards and people. Vessels receiving aid should be required to be American-built vessels. It may be well here to direct attention to the equity and wisdom of providing, in any comprehensive plan that may be formulated, for the just treatment of owners of existing merchant vessels in the foreign trade. Without the persistent effort of these owners to keep our flag afloat on the oceans we would not have left even the meager tonnage now existing. These owners who have borne the brunt of the commercial war should not be forgotten, not only because it would be unjust, but also because it would be unwise, as they possess about all that we have left of expert knowledge and organization on which to build up our new merchant marine.

## \$6,000,000 OUTLAY.

When the aid extended by the United States Government to the owners of the steamers *St. Paul* and *St. Louis* induced the building of those ships in this country it caused the expenditure here of \$6,000,000 that would otherwise have been expended in England. Think of what this means! Try to follow this \$6,000,000 into the possession of the shipyard owners; thence in part to their yard employees; in part again back to the steel works, the sawmills—every industry contributing to the construction of a great modern vessel! Then on back from these industries to the miners of iron and coal and the workers in the lumber forests; to the farmers who feed all these workers. Do not stop here, but follow this \$6,000,000 farther, back from these fundamental fields of labor to the flouring mills, the shoe, clothing, and other factories supplying the laborers. So it goes on with its beneficent work without end as to time, and in ever-widening circles. It is as a stone thrown into an ocean of still water, circles first small but ever enlarging spread out in every direction, greater in diameter as they become more and more distant, until the eye can follow them no farther. Can any thoughtful person esteem it a matter of small and local importance that the building, owning, and operating of the merchant vessels that carry our products shall be the work of our own people? True, this is only incidental and subordinate to the fundamental purpose of creating and maintaining an efficient naval establishment. It is incidental, but it is vastly important in its beneficial results to the entire community.

## BURDENS VERSUS BENEFITS.

It might be necessary to impose burdens upon the country to insure the existence of a complete and necessary auxiliary to our naval establishment. It seems fortunately possible to substitute benefits for burdens by a resort in time of war to an assisted merchant marine for our colliers, transports, etc. Equally important, in such a time of national peril, will be a force of trained seamen and prosperous American shipyards equipped for the best class of construction and repair work.

## KIND OF ASSISTANCE.

How shall this necessary assistance be given? Whatever may be the form finally adopted there is one all-important consideration. Be sure the aid given is sufficient to accomplish the end in view. If any mistake is made it is far better to give too much than too little. Any excessive payment made will find its way back to the people in reduced competitive rates of freight. If you do not give enough aid, your efforts will result in failure and the resort to Government aid will then be unjustly condemned as wrong in principle because of a failure consequent upon a niggardly practice. Those who believe in Government aid to rehabilitate the merchant marine should not endeavor to drive any hard bargains with those they are seeking to induce to embark their capital and effort in the work; nor should they permit the enemies of the plan, as has happened in the past, to force upon them some form of compromise, sure to result in ultimate failure and discredit to all concerned. Give enough if you give at all.

## DIFFERENTIAL DUTIES.

The result sought can not be found in a resort to differential customs duties, such as have been advocated. The experience of a past century and under the then shipping conditions is absolutely valueless as a guide to-day. Vessels need revenue in proportion, among other items, to the length of their voyages. Differential duties provide fixed allowances, irrespective of the time occupied on the voyage. A dutiable cargo from Cuba, for example, would receive the same aid under this method as the same cargo would receive if making the long voyage from the Philippines. Articles varying in value and rate of duty would pay widely varying amounts to the vessel owner under the differential-duties plan. If these differences have not yet engaged your attention, you will find it an interesting field for your statistician to explore.

There is one possibility connected with the differential-duty proposition that it is believed has not as yet attracted attention and that may be important. It is here suggested for your consideration. While the direct grant of differential duties to American vessels is, as has been briefly explained, open to numerous practical objections, it is believed that there may be no practical objection, treaty or otherwise, to the creation of a special Treasury fund to be used in aid of the merchant marine by crediting to such a fund a stipulated percentage share of customs duties collected on cargoes carried by American vessels. The fund so collected, and supplemented if necessary, should

be distributed upon some just and right plan, but not by payment of the differential duties direct to the particular vessel carrying the cargo they represent.

#### CARGO BONUS.

Cargo tonnage bonuses have been suggested in the past, but nothing has been heard of them of late, and perhaps it is not worth while to occupy your time with any comments upon this form of aid.

#### TREATIES.

While it is difficult for the average American citizen to recognize that existing treaties with other countries should long be allowed to stand in the way of his obtaining what he wants, it is nevertheless certain that treaties must and will receive your careful attention in their necessary relation to the question before you.

#### SUBSIDIES.

It is unfortunate that every form of Government aid to merchant vessels discussed during many years has been described by the public press and accepted by the public generally as a "subsidy." Citizens opposed to each particular form of aid proposed have unitedly cried out against "subsidies." A concentrated opposition has resulted to the word rather than to the thing it really represents. Some other name may have to be found or invented that will be more generally acceptable. It is doubtless impossible to add anything here to what you have already heard in reference to the practicability of satisfactorily aiding our decaying merchant marine by direct payments to shipyards and subsidies to vessel owners. The writer believes aid should be extended in as simple and concentrated a way as may be possible and to as few great interests. Instead of compensating separately shipyards and shipowners it will be simpler and more effective to extend sufficient aid to the shipowner to enable him to have his vessels built, as he should be required to do, in American shipyards. A general subsidy to all vessels in all classes of trade at anything approaching a common rate is believed to be an undesirable and wasteful method.

#### RECOMMENDATION.

It is here suggested that perhaps it may be best not to endeavor to deal with this important question in a wholesale way. Would it not be wise to endeavor to first decide exactly what it is we, as a people, want? Or, rather, while we may want the entire vessel-carrying service on all the oceans, what is it reasonably possible to get, if we may not have it all? This will oblige determining the particular lines of travel where our merchant marine is most needed. For the purposes of illustration, let us suppose that facts submitted by merchants and others oblige you to decide the service worst needed is a direct service between New York and Brazil; that we seem to need a service of, say, four ships the first year and an addition thereto of two or four ships annually until the entire trade that exists, or can be created, will be properly cared for.

## COMPETITIVE TENDERS.

If the United States Government dealt with this proposition as an individual would do, it would clearly describe the service it wanted between, say, New York and Brazil, and it would invite tenders from responsible parties for supplying and operating the vessels required for a stipulated term of years. The Government would award the contract, which would include availability in case of war and all postal service needed, to the lowest responsible bidder. It would act similarly upon each line of trade shown desirable to be created or developed. This, it appears, would be a sensible way to proceed. It may be asked whether this would not operate to create a monopoly and cause unnecessarily high rates of freight to be charged for the vessel service. It is safe to say, in reply, that there are no noncompetitive ports in the world's markets reached by vessels on the oceans. It would be impossible to burden competitive commerce with unreasonably high charges without diverting it to vessels and markets of other nations. Vessel owners undertaking, under the plan of competitive tenders, the pioneer work are justly entitled during the term of their contracts to reap the reward of their enterprise, even though this should oblige other American vessel owners desiring to compete in these markets to do so without Government aid.

Each important line of travel has attached to it its own peculiar competitive and other conditions, and what may be necessary aid on one line may be too much or too little on another. A wholesale, universal rate of governmental aid, to be successful, must be the rate necessary upon the least favorably situated of all of the routes. The method must certainly be a wasteful one.

## SUMMARY.

In concluding this hastily prepared record of thoughts upon this important question, and fully recognizing their crude character, they may be summed up briefly thus:

1. A proper naval establishment demands an efficient merchant marine, under contract for governmental use in time of war; a body of trained seamen and shipyards well equipped for construction and repair work.

2. Vessels built in this country, owned and operated by our citizens, will benefit every producing interest in the country.

3. Some form of United States Government aid is recognized to be essential that our merchant ships may be profitably operated on the oceans. Without profit they can not exist.

- (a) Differential customs duties paid directly to vessels carrying the cargoes can not provide aid as it is needed.

- (b) Cargo tonnage duties are not seriously advocated by any who sincerely believe in the propriety and efficacy of governmental aid.

- (c) Treaties with foreign countries must be considered.

- (d) "Subsidy" is an unpopular name for a possibly necessary form of aid.

- (e) The Government should find it most economical and satisfactory to obtain exactly what is desired through competitive tenders.

(f) In whatever form aid is given it should be on a liberal and not on a niggardly scale. If it is insufficient it will result in a failure, with discredit to the effort and to all concerned in it.

All of which is respectfully submitted.

FRANK J. FIRTH.

### STATEMENT OF DE COURCY MAY.

De Courcy May appeared before the Commission.

The CHAIRMAN. State to the Commission, if you please, what your business is.

Mr. MAY. I am a shipbuilder.

The CHAIRMAN. Connected with what yard?

Mr. MAY. I am president of the New York Shipbuilding Company, located at Camden, N. J.

The CHAIRMAN. We shall be pleased to hear any statement you wish to make.

Mr. MAY. I am not going to take the Commission's time with any remarks about the deplorable conditions of American shipbuilding. I will simply put myself on record as being in favor of a bounty per ton per mile to American shipping. I rather think it would be a matter of considerable difficulty to get the money to pay the bounty, and in consequence of that, my next choice would be the scheme of the Maritime Association of New York, which has been put before the Commission; that is, the differential duty and tonnage scheme. I think that is the most practicable scheme I know of. There are going to be considerable difficulties in putting it into effect—difficulties in the way of treaties and quite a number of others—but I believe it can be done, and while it is not my choice, I think it is the most practicable scheme yet presented.

I do not know that I have anything else to say. I shall be very glad to answer any questions connected with the shipbuilding business—cost of wages and such things—that the Commission may be pleased to propound.

The CHAIRMAN. What is the condition of your business at the present time; is your yard busy, or otherwise?

### MOSTLY GOVERNMENT WORK.

Mr. MAY. At the present moment it is quite busy. We have nine vessels—two Government vessels, a battle ship and a cruiser, five lightships for the Government, a coastwise steamer 300 feet long, and a dredge for the Government to be used on the Mississippi River. We have just finished the largest ship, except Mr. Hill's ship, ever built in this country—the *Manchuria*, of the Pacific Mail Line. I hope the Commission will pay us a visit and see this vessel. It is quite an object lesson. It shows what American yards can produce.

We should like the Commission to understand the condition we are in at the present time. We are in this shape: Toward the middle of the summer the preparing part of our yard will have practically nothing to do, and unless we can get new work I fancy we shall have to discharge our people.

The CHAIRMAN. If it were not for the Government work you would not be very well supplied with orders.

Mr. MAY. Almost all our work is Government work.



The CHAIRMAN. How long is it since you built a ship for the foreign trade?

Mr. MAY. This is the latest one—the *Manchuria*, for the Pacific Mail service.

The CHAIRMAN. How long is it since you laid a keel for a ship for the foreign service?

Mr. MAY. For this boat, twenty-one months, and I forget how many days. Her sister ship took nineteen months and twenty-three days.

Senator MALLORY. What is her tonnage?

Mr. MAY. She is 13,000 registered tons; displacement about 23,000 tons. She is the largest ship ever built in this country, except Mr. Hill's ship, and larger than any ever constructed on the Clyde.

Senator MALLORY. Freight and passenger?

Mr. MAY. Freight and passenger. She has accommodations for 260 in the first class and about a thousand in the steerage.

#### COST HERE AND ABROAD.

The CHAIRMAN. I understand you have one of the best equipped yards in the country, where, it is to be presumed, you have brought the cost of construction to as low a point as possible. I should like to ask you what is your estimate of the difference in cost on the average between American and British steamship construction at present.

Mr. MAY. It depends somewhat on the kind of ship that is built. I should say the difference in cost between English ships and ships built here is between 40 and 50 per cent. The difference in wages, as well as I can figure it out, is about 35 per cent. The difference on the various materials will average about 45 per cent, on some less and on some more. In a passenger ship on the fittings, the outfit as we call it, the upholstery and those things, it is considerably more. I should say about 45 per cent on the materials and about 35 on labor.

The CHAIRMAN. Of course, if the business of American shipbuilding was in such shape that you had a line of similar ships to construct, so that you could standardize, you would be able to supply them much more cheaply than at present.

Mr. MAY. That is precisely the point, and if we had our yards full, even though not of like vessels, we could do very much better. You will see in our yards a battle ship, a cruiser, light-ships, a coastwise steamer, a dredge. If we built vessels of the type of large passenger steamers, or large freighters, we would very soon get the cost down. If we could only have our yards full of work we would do as the locomotive builders and others have done—be in shape to compete with anybody. We are obliged to take anything we can get, and our yard is full of every variety of work.

Senator MALLORY. What will be the speed of the *Manchuria*?

Mr. MAY. Her speed is 15 knots. It was about sixteen and three-quarters on the trial.

#### STATEMENT OF WILLIAM G. RANDLE.

William G. Randle appeared before the Commission.

The CHAIRMAN. State to the Commission in what business you are engaged.

Mr. RANDLE. I am marine superintendent for the New York Ship-building Company, located at Camden, N. J.

The CHAIRMAN. Proceed with your statement.

Mr. RANDLE. It has been my fortune, Mr. Chairman, to be connected with the American merchant marine since boyhood. I remember a time when, in the Waterloo Dock alone, at Liverpool, you could count 27 large American sailing ships under the American flag. You all know, as well as I, the history of the decline of American shipping, and it is no use to rehearse those matters. We come at once to the present condition of affairs, which is, that we are now carrying the products of our country to the extent of only about 8 per cent where formerly, in those days, we carried 75 per cent.

The matter of the running expenses of the American ship as compared with a foreign ship, is held up as one of the objections to the advancement of American shipping. That is true. The cost of running American ships, both in salaries for the employees and also in the expenditures for provisions—and we supply a higher class of food than is generally found on foreign ships—is about 33½ per cent over and above foreign flags. Of course it would be heresy on our part to try to reduce the price of the employee at the present time. What the future may produce we can not tell. But something else must be done if we wish to return our flag to the carrying navies of the world. We also know that at a time when we are increasing our defensive navy we are rapidly losing our commercial marine.

The remedy I would suggest is this: In carefully looking over the facts of the case as they exist, the most feasible plan that presents itself to me is to grant a bounty on the registered tonnage of the ship. For instance, take a 5,000-ton steamer and grant her 5 cents per registered ton, which would be an equitable tonnage measurement for all classes of ships. Suppose we take a voyage to Brazil and back. That ship would receive a bounty of about \$1,500, and so on, in proportion, the largest ship of course receiving the largest sum. On a voyage from New York to San Francisco, the *Manchuria*, lying in our yard at the present time, with a net tonnage of 8,750, would receive \$6,125 at 5 cents tonnage bounty. After looking at all the conditions at the present time I consider that the most equitable and most fair measure that could be adopted, for the very reason that the smaller and slower ship going the shorter distance would receive in proportion the same as the fast ship, even up to the mail ship, going 20 knots.

Senator MALLORY. Let me ask you a question. Do you propose to give this bounty irrespective of whether the ship carries cargo, or would you base it on some proportion?

Mr. RANDLE. Certainly. I would have the bounty paid to the ship if she was unfortunate enough not to have any cargo to carry.

Senator MALLORY. At that rate she would not make the trip for the cargo.

Mr. RANDLE. The bounty would be so small that no ship would leave port for the sake of earning the bounty. She would certainly remain in port until she got a cargo, and a paying cargo.

The running expenses of a 4,000-ton steamer per day is about \$132.61. That includes rates of insurance, fuel, wages, and provisions. On a sailing vessel of the same tonnage the running expenses per day would be about \$53. So you see the bounty would not constitute any kind of an inducement for a ship to leave port without cargo, just for the sake of earning the bounty. But that small bounty, of course

would be an incentive to shipowners or to the capital of the country to engage in the shipping business.

Senator MALLORY. In your proposed scheme would you discriminate at all between sailing ships and steamships, or would both receive the same?

Mr. RANDLE. The sailing ship would receive the same as the steamship. Why discriminate?

Senator MALLORY. The steamship would make about three times as many trips.

Mr. RANDLE. It would be unfair to the owner of the sailing ship if he was denied the bounty so long as his ship was under the American flag and owned by an American. The owner of a sailing ship going to a foreign port should receive the same bounty. I do not say on freight; I say on the registered tonnage, which is a fixed fact as to all ships and about which you could not make any mistake. I would not say gross tonnage, but registered tonnage; net tonnage.

#### STATEMENT OF E. R. WOOD.

Mr. Wood. My chief claim for venturing to address this Commission is that I represent the National Board of Trade in this matter. After the Department of Commerce and Labor was created by law the National Board of Trade felt that there was no question before the people of the United States of greater importance than that of the revival of American shipping. They appointed a committee, of which I happen to be chairman, to see what investigations and what movements the Department of Commerce could make in the very line in which your Commission is now acting. I have had the privilege of having several interviews with Secretary Cortelyou and his commissioners, Mr. Austin and Mr. Chamberlain, on this very subject. The committee of the National Board of Trade felt that the matter had in many respects been debated perhaps a little too much in the air; that theories had been talked about without getting down to facts in all cases.

#### WORLD'S TONNAGE TWO HUNDRED MILLION.

For instance, we found that the Department of Commerce would not undertake to say how many tons were put on board vessels in all the world. The Secretary or his assistants would not undertake to say just how many tons the world's business consisted of, and they practically accepted our figures as approximately correct—that there were put on vessels each year about 200,000,000 tons of goods for transshipment.

I should like to bring up the doctrine of cheap initial cargoes. To go back a little in ancient history in order to illustrate just what I mean by that, during the middle of the eighteenth century the ships from Boston and New Bedford and all the way down the coast, as far as fishing interests were concerned, would load up with mackerel and codfish, and would go down to Cuba or Jamaica. They would there get sugar and rum and West Indian products and take them to England. They would take the cheap English hardware and cheap cotton goods and go down to the west coast of Africa and load up with slaves and come back to Cuba or Jamaica again, and from there bring

home their return cargo of rum and sugar. There you had a world's trip, and the world's commerce really depended upon the codfish. There are old families in New England that still maintain the codfish on their coat of arms. They are not ashamed of the codfish.

#### A CHEAP INITIAL CARGO.

These are modern times, and conditions are entirely changed. We must have our cheap initial cargo all the same, but we can not depend upon the fishing interest for it. Modern commerce has got too large. When you come to consider the question as to what the 200,000,000 tons of the world's commerce consists of, you find there are 65,000,000 tons of coal. One-third of the whole transshipping business on the ocean is the carrying of coal. If you leave out that proportion of the commerce which the great trans-Atlantic ferries and the great express steamers carrying the mails carry, you will find that one-half of the cargo business of the world is coal. That is apart from the express steamers, which apparently constitute a department by themselves.

The proportion of the coal business is very much the same in trans-Atlantic management as in railroad management. You must have your initial cargo. That is where England really controls the commerce of the world. England puts on board of vessels 60,000,000 tons of coal a year. Mr. Chamberlain said we must not call it all cargo, because 15,000,000 tons were for steamship purposes. It makes no difference to the coal miner what the steamship does with the coal, whether she puts it in her coal bunkers or in her hold. It helps the miners, and it helps the railroads which carry it from the mines to the seaports. That makes the cheap initial cargo from England.

#### THE ENGLISH COAL EXPORT.

She puts coal on board her vessels at varying prices. I have the statistics here, but I will not trouble you with them. The prices run from \$3 to \$4 per ton f. o. b. That is the price at which England sells coal to the world. We here are begging people at all our wharves to come and buy coal of us. We should be glad—I am interested in coal mining—to have our coal taken off our hands at \$2.25 a ton f. o. b. steamer, and England is to-day getting about \$3.50 f. o. b. steamer.

You would say that is a sufficient difference to make American coal go, but it is not. The coal merchants in Philadelphia, men who have thoroughly examined the situation, say they can not ship coal to the Mediterranean against an English rate of 5 shillings (that is \$1) a ton from Newcastle or Cardiff to Marseilles. The American rate would not be less than 15 shillings, or \$3. So a difference of \$1 a ton in the price of the coal does not begin to touch it. It does not constitute an inducement to ship American coal.

I ask you, gentlemen, to remember that I represent the National Board of Trade only when I state facts. When I talk theories I do so on my individual responsibility. To my mind the question turns on coal, because there you get your cheap initial cargo. You want to make it an inducement for American vessels to take coal, and this Commission can not do better than to resolve itself into a commission to enable the United States coal miners to send out coal. You will get

your shipping business instantly if you provide that the coal shall go out on American ships, and you will have the gratitude of a great many coal miners.

Senator PENROSE. How would you get at it?

#### A BOUNTY ON AMERICAN COAL.

Mr. WOOD. By a rebate. I would rebate to the outgoing ship a certain proportion, and, as Mr. Firth said, you must be liberal, and if you are too liberal the American people will get it back in the competition that will result.

Senator PENROSE. What do you mean by a rebate?

Mr. WOOD. Suppose a vessel goes to France. France buys in England 8,000,000 tons of coal yearly. The United States is doing of the world's business about one-fourth. I leave out the Asiatic countries. It is therefore a reasonable proposition that we should strive to do one-fourth of the shipping of the world. Applying that to France, as a special example, we would have to sell France 2,000,000 tons of coal. We are buying from France \$60,000,000 worth of goods, and the duties on those goods will come to about forty million. I am speaking in round figures, of course. A rebate of 10 per cent, which is perhaps cutting a little too close, of the duties on French imports would be \$4,000,000. You divide that among the 2,000,000 tons of coal, which you want to take there, and you get what is of course in one sense a bounty. But the vessel earns \$2 a ton, which is paid her by the Government out of the duties, and it puts her in a position to compete with the \$1 a ton vessel that comes from England.

The CHAIRMAN. Your suggestion is very interesting, but do you think the American people would agree to a Congressional enactment that would single out one product to be favored in the matter of transportation?

Mr. WOOD. There are reasons why they might. The American people take a great deal of pride in their Navy. They also take pride in the fact that the Navy is not bought, as Japan is buying her navy, but is manufactured at home and is run by American people. I think they would take a pride in having the Navy propelled by American coal; and it is not so propelled now. The American coal miners who are under contract to supply the Navy with coal are to-day shipping English coal to ports all over the world to supply American naval ships.

#### THE NAVY FUEL.

Senator PENROSE. You are mistaken about that. The Navy uses American coal wherever it can get it. In some ports the ships have to use Welsh coal, but the Navy uses Pocahontas coal chiefly.

Mr. WOOD. I am speaking now on the authority of the firm who are interested.

Senator PENROSE. I know them.

Mr. WOOD. Mr. Bullitt himself told me that they supplied the American ships at Honolulu and San Francisco with coal from Cardiff.

Senator PENROSE. That may be true; but all the naval vessels on the Gulf and on the Atlantic seaboard, wherever it is practicable to get it, use American coal; and that forms the great bulk of the coal used.

Mr. WOOD. If an American vessel goes through the Suez Canal, she is bound to take English coal, and so all through the Mediterranean. She can not get any other coal.

But that is one thought. Then there is another, which is that to appease the American prejudice against such things, if you choose, you can make it a rebate to all ships carrying out American products. You can make it on cereals as well as coal. The next item to coal in the shipments of the world is cereals, amounting on the whole to about twenty-seven million tons, nearly one-half of which goes out of the United States. You might easily promote the export in that way of about twenty million tons of American products. I think that was Mr. Hill's suggestion, that cereals should have some advantage in that respect.

The CHAIRMAN. He proposed an export bounty.

Mr. WOOD. Yes. But a rebate paid to the ship on duties on goods imported by her does not make the goods abroad any cheaper, neither does it provide competition with home goods, because the full duty is paid by the importer. It simply goes to the ship and raises the ship labor to the level of the home wage; that is all.

The CHAIRMAN. We are very much obliged to you.

Mr. WOOD subsequently submitted the following paper:

Mr. Chairman and gentlemen, when the people of the United States contemplate the resumption of American transoceanic commerce they are met at once by the fact of the higher wage rate prevalent among Americans, and as to shipping, by the legislation now existing for the preservation of Americanism.

Three alternatives are at once presented.

First. Abandonment of the effort to compete for transoceanic business.

Second. Lowering to a greater or less degree the standard of American manhood in the marine; and to such degree as that standard may be maintained, supplementing it by some form of assistance.

Third. A resolute maintenance of the American standard supported by such legislation as will put American sea labor on the same elevation as American land labor.

The writer sees no other alternative. It is either an abandonment of the ocean, or an approximation of living conditions on the ocean with those upon the land.

He proposes to address this honorable Commission in support of the third alternative. He comes before them as representative of the National Board of Trade, and asks them to note that in statements of fact he speaks for that board, but that for his theories he is himself only responsible.

The national board has thought that in the discussions of this question scarcely enough attention has been given to the physical conditions involved.

It is admitted that the people of the United States pay \$200,000,000 to the ocean carriers of the world, but what the total ocean traffic in tons of the world is has not yet been commented upon.

So nearly as can be ascertained from data at hand the tons put on board ship each year for transoceanic carriage amount to 200,000,000 tons.

Now, in handling this amount of material, the first essential condition is to supply the ship with a low-cost initial cargo. This was exempli-

fied in the middle eighteenth century, when American shipping first began to make an impression upon the world's commerce.

Then the cod and mackerel fishing industry of New England supplied an ever salable product at low cost to the farmer and his sons who chose to run down to Cuba or Jamaica; thence they would take a cargo of sugar and rum to England; load up there with cheap cutlery and cottons for the west African coast; then return to the West Indies with slaves, and make the homeward voyage with rum, sugar, and silver dollars, the profits of the round trip.

At the present time, while the fishing industry has not lessened in actual amount or importance, the introduction of the steam engine, and the diffusion of mechanical improvement over all the world has completely changed the relative tonnage of the various items in the world's transoceanic shipment.

As already stated, the total annual tonnage of the world may be taken at 200,000,000 tons, as follows:

	Tons.
Coal.....	65,000,000
Cereal crops.....	25,000,000
Spanish, Cuban, and other iron ores.....	7,000,000
Sugar (say).....	4,000,000
Various products.....	99,000,000
Total.....	200,000,000

Now, if deductions are made for products carried by the great swift steamers in the mail and express business, it will be found that the carriage of coal makes one-half the transoceanic freight business.

Thus the considerations before the Commission divide themselves naturally into two heads. First, those which regard express steamers; secondly, those regarding the heavy freight carriers.

I must repeat that as to this second head one-half of the problem turns upon the freightage of coal.

Now, the American people are certainly not going to put up their funds for helping American vessels export English coal. But you must remember that, start your ships how you will, and take them where you will, one-half of their cargoes must be coal.

Indirectly, then, your Commission is a body appointed to devise means for exporting American coal. Why not face this fact squarely and apply your minds directly to solve the problem under this aspect, for whatever you do must result in increasing coal exports, or must result in failure.

As to the head of the ocean express business, no other thought has occurred to the committee of the National Board of Trade than that the other great marine nations, England and Germany, must be met by their own weapons, although not necessarily upon their own already appropriated lines of travel.

In other words, to such points on the globe as it may seem requisite to have direct American mail service, the Post-Office should pay whatever is required to secure the desired service.

The hateful word "subsidy" need not be used in this connection. The American people take a certain pride in not being outdone, even in extravagance, by others, and will probably at suitable points be willing to compete in mail service with Great Britain at any cost necessary to obtain their object.

At the present time the writer would regard the South American coast line on both its eastern and western side as being that part of the earth's surface with which we most need increased mail facilities.

To return to the heavy freighter. In coal this country possesses the natural low-cost initial cargo, taking the place naturally of the salt-fish initial cargo of an hundred years ago. It is a large product, of unlimited amounts always available upon the seaboard, which is not at our ports called for by the present ocean carriers because they get their initial cargo in England. England, Germany, and France all cluster around the same narrow coal deposits, and all send their vessels to Cardiff or Newcastle upon their initial voyages. The consequence is that these two ports rank in tonnage next to Liverpool, which is itself a large coal shipper.

The business of your commission is to provide that Norfolk and Mobile shall get a share of the trade supplied by Newcastle and Cardiff, but remember that this can only be done by American ships, getting their initial cargoes at these or other ports on either ocean front of our great country.

As to the means of getting this result, it may be stated that English coals sells f. o. b., under varying conditions of market and quality, from 50 cents to \$1 above American coal, but that under present conditions freights are \$2.50 to \$3 per ton higher from Atlantic ports of United States than from British ports.

The speaker would urge that any efforts to be made by the United States to obtain this trade should not be too ambitious. The "factor" of the United States' business is about one-fourth of that of the civilized world, and it may be accepted that one-fourth of the coal supply could be within reasonable time secured by the United States without serious danger to existing commercial conditions. This country would come in for the natural growth of the business and it would be an actual relief to the pressure now beginning to be felt by the English mines.

The problem thus narrows down as to how American labor on vessels employed in this business can be sustained at the same level as American labor employed on land. Here again the unpleasant words "subsidy" or "bounty" should not be used.

The American seaman is neither to be subsidized nor pauperized, but as the revival of American shipping calls on him to meet pauperized labor on an element from which the competition of low-grade labor can not be shut out, there is an equity in making such dispositions as will enable him to hold his own without degradation. These dispositions, in whatever form they may be made, should be so called as to designate their true nature, which is that of a "labor allowance."

Among the many suggestions made to reach this end the National Board of Trade would ask your attention to the plan of allowing to such American vessels as might take out a cargo of coal a labor allowance in form of rebate to the vessel of some proportion—for example, 10 per cent—of the tariff charges on return cargo of the vessel. Conditions vary so much in the different trades that there may be some countries where an allowance in this form, as tariff laws now stand, would be of no use.

But taking the French trade as an example, and supposing our legislation to be framed in expectation of ultimately exporting one-fourth the coal tonnage of the world, then the proper share to be gained by the United States in the coal imports of France would be one-fourth of 8,000,000 tons, or 2,000,000 tons.



Equalizing average differences of freight against the United States will call for a labor allowance of \$2.50 per ton, making on the whole bill, if the trade be secured, an amount of \$5,000,000.

Now, duties collected by the United States on merchandise imported from France amount to about \$40,000,000, on which a 10 per cent rebate to cover the labor differential would be only \$4,000,000, or hardly enough for the purpose, unless on the expectation that America would only try for the cream of the business.

It may not be devoid of interest to your Commission to consider the business results of a national output of 2,000,000 tons of coal thus gained. It would be something like the following:

*First, at mines.*—All inside and outside workers numbering 300, and representing the maintenance of total population of 1,200.

*Second, railroad transport.*—On average haul to seaboard employment of 20 first-class trains constantly going and coming. Trainmen, section hands, and general help, say a force of 350, and representing the maintenance of population, 1,700.

*Third, ocean transport.*—Equivalent to not less than 150,000 steamer tonnage steadily running, employing in all not less than 2,000 men, representing population of 4,000.

Please note this estimate as made on the spur of the moment and based on general knowledge without specific inquiry.

The financial balance sheet would be something as follows:

#### NATIONAL INCOME.

By sale of 2,000,000 tons of coal to France at \$6 per ton.....	\$12,000,000
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#### DISTRIBUTION TO PERSONAL UNITS.

To landowners for royalties .....	150,000
To miners .....	1,350,000
To outside mine workers, supplies, management, etc.....	675,000
To railroad labor of all classes.....	1,875,000
To use of railroad capital.....	725,000
To dock labor and vessel crews of all classes.....	2,850,000
To fuel (of American product consumed).....	1,150,000
To American shipyard for upkeep and renewal of fleet and interest....	2,125,000
To profits of mine lessees and merchants.....	1,100,000
	<hr/>
	12,000,000

Error and omission excepted.

Obviously in the French trade a labor differential can be charged against customs in favor of vessels taking out coal to very great general advantage. These conditions do not differ much as to any of the Mediterranean ports.

In the Brazilian trade conditions are very different. Our deliveries of coal to Brazil at the rate of one-fourth her total coal purchases would be 250,000 tons, while our imports from Brazil come, of all kinds, to about 350,000 tons, so that total exports and imports in tons almost exactly balance. This makes a most desirable character of trade to the shipmaster, as his vessel thus goes full in each direction. The direct trade between the two countries would never have slipped from American hands had it not been for the low cost initial cargo, which British vessels had in their coal. An English "tramp" now will take coal from Newcastle to Rio, coffee to New York, and wheat to London, and in two or three days more is back at Newcastle again.

As we collect no duty on imports from Brazil, there is no customs margin in that trade against which a labor differential can be charged. If the Commission should find that the business could not be done by express steamers running under the encouragement of a liberal mail convention, then the only available method to secure the trade for American vessels would be the creation of a customs margin by a small duty on coffee, rubber, and hides. A half cent per pound on these commodities charged to the customs and rebated to American ships would secure the trade.

Your Commission, from these suggestions, will perceive afresh how various are the problems involved in the reviving of American shipping. Each section of the globe, each great nation in fact, presents its own especial features, which must be studied individually to insure success.

The probable outcome of a labor differential charged against customs, in the forms indicated by this article, would be that American vessels will go shopping around all over the world, just as they used to do eighty years ago, and will swap cargoes from port to port until they have picked up a lot that suits their fancy as likely to bring them the largest possible labor differential on arrival home.

It has been suggested before your Commission that there is something reprehensible in this process. For what reason the writer is wholly unable to understand as no one is injured. Certainly the home manufacturer is not, for goods discharged from the American vessel must pay the same duty as all other imported goods of the same class.

That American shipmasters and their crews should be interested in bringing into the United States those goods which pay the Government the highest duty would seem to be a distinct advantage in every direction. The Government gains, the manufacturer is protected against low-grade competition, and the home-staying multitude are educated as to the best of foreign products.

This article has been written, taking coal as the ton basis of modern commerce, which it in fact is. The American people are believed to be resolved on this subject, and need only that the real facts of the situation should be put clearly and honestly before them to adopt the course plainly marked out for success in their desired aim. Questions of crimps, wages advanced, and boarding house difficulties are little more than byplay. Marryat's sea tales of a hundred years ago might have been written from the evidence given before your honorable Commission. Such conditions have not seriously affected the commerce of England, and should not too much affect the work of the Commission. The picture of your success must be wrought on larger canvas.

It may, however, come to the point in a political sense, where interests shall have to be conciliated that have little merit in a commercial sense. There is no possible initial cargo to-day comparable with coal in lowness of cost and universality of sale, yet the cereals, pig iron, and petroleum may be treated as initial cargo at times for round voyages, and Congress in its wisdom may see fit to put every American thing between the lakes and the oceans upon the list to certify the American vessel's right to a labor differential on her return cargo. Such a wide opening of the legislative doors will not alter the facts of commerce, but may add something to the difficulties of diplomacy.

England and Prussia have treaties giving the vessels of those countries the right to enter American ports without discrimination of duty between them and American vessels. These treaties are subject to abrogation upon a year's notice, and the Department of State will have lost its cunning if it should prove unequal to any situation the legislature may create.

Respectfully offered by

E. R. WOOD,  
*Chairman of Committee on Business with Department of  
Commerce and Labor, of National Board of Trade.*

### STATEMENT OF FRED W. TAYLOR.

Fred W. Taylor appeared before the Commission.

The CHAIRMAN. Mr. Taylor, in what line of business are you engaged?

Mr. TAYLOR. I am engaged in the steamship business. I am operating a line of chartered steamers between Philadelphia and London. We have large terminals here at Port Richmond. We also own a grain elevator. We have had considerable experience in operating these steamers and in endeavoring to build up at Philadelphia a regular service as between Philadelphia and London.

I am only expressing my individual opinion, but it strikes me that this case can be illustrated by an *Æsop* fable—that of the old man and the young man and the donkey. They had a great deal of advice, and it ended in the old man taking the advice to carry the donkey; and, of course, in this case the old man is Uncle Sam.

I should like very much to have assistance, if we can get it, as an American concern, as a practical solution of this question. I am a Philadelphian. I was born here. I have a very large amount of money invested in Philadelphia, and if there is any practical solution which will aid us in the building of American steamers to operate in a regular established trade we would be very glad to get it.

### FREE SHIPS AND LOWER WAGES.

Personally I do not see any way of arriving at a solution of the problem at the present time unless you will allow us to buy our steamers in the cheapest market—

The CHAIRMAN. Could you operate them as against foreigners?

Mr. TAYLOR. And change our navigation laws to enable us to operate them in competition with foreigners.

The CHAIRMAN. What do you think the people would say about a proposition to put our service on the same wage plane as that of the European countries?

Mr. TAYLOR. There is the difficulty. We run up against a sentiment, but we have to operate a business wholly on business principles. If you would allow that opportunity for the initial start of the service, it would give some repairs here and would give our shipbuilders the opportunity to get their material at reduced prices. They are paying high prices here, under the same laws, for their plate and the other material that enter into the construction of a ship—too high prices. I do not want to refer to it, but one of our prominent shipbuilders I

understood went before one of your committees and asked for the opportunity of relief in that direction.

Now, I agree with Mr. Bartol that one of the difficulties here is that the American capitalist has better opportunity for the investment of his money in home enterprises, and there has not been much inducement for him to seek investments in boats to carry on foreign commerce. The foreign trade has been very greatly competed for. The foreigners have the largest capital in the world engaged in it, and they have some of the shrewdest and some of the most experienced men in the business. We have at the present period a very depressed condition. It was never worse. Owing to there being a surplus to-day, high-grade ships can be bought at very greatly reduced prices as compared with their cost value; and the same reasons operate for low prices in foreign yards.

#### TOO MUCH TONNAGE JUST NOW.

I do not see how you can aid us except by some subsidy; and how to apply that subsidy is a question. As Mr. Firth says, to give it one monopoly is unconstitutional, and if you made it a very strong and certain thing for the investor by the guarantee of the Government, the result would be the promotion of companies simply from the subsidy standpoint alone. You would have an oversupply of new tonnage built on the Government aid, and the world to-day is over congested with existing tonnage. We have in the world to-day entirely too much tonnage. The South African war caused the addition to the world's marine of a very large amount of tonnage. The companies had chartered to the English Government at high prices the transports and other boats required for the long service between England and South Africa, and immediately a very large amount of new tonnage was created by the existing lines. They supplied themselves with better tools.

During that period there were handsome returns, but with the stoppage of that war, and the return of this tonnage on the market, together with the failure of crops in the United States, there is now an oversupply. We have had now for three years failures of the corn crop so far as concerns there being a surplus in merchantable order. Our crop of 1901 was 700,000,000 short in quantity, and the crops of 1902 and 1903 have been deficient in quality. The corn would not keep. You could not shell that corn and put it in elevators and transport it to Europe. It became too hot. The world has got along without that corn. They got their supplies from the Argentine, from the Danube, and from Russia. They really have missed us very little, but we felt the loss. Our wheat crop was comparatively moderate in quantity last year, and the price was so high in this country that the mills of the Northwest to-day are running not more than half time and almost entirely on the domestic trade.

#### FOREIGNERS WOULD PREFER THEIR OWN SHIPS.

Again, suppose a subsidy was given by the Government, and you would select some favored line and give efficient aid. These goods as a rule are owned by people on the other side. The flour is sold, the bill of lading is drawn, the draft is made at the initial point of shipment, and the route is left to the shipper or is named by the consignee, and the shipper is done with it. He gets the money from

the bank. Regardless of your laws, the English or the German buyer could order his goods sent from this country by the line he chose to elect. He could order them sent by an English line if he were an Englishman, or by a German line if he were a German.

I am speaking now of the regular port trade and why you could not control the routing of the traffic by this appeal at home; and it is to be presumed that some effort would be made as against the effort of the United States. There would be an effort by those people, on patriotic sentiments, to give the contracts to their home lines. So you could not control it even if you had one favored line going. There would not be any guarantee, even with the aid of the Government, that it would fill itself from here out. It would have to make a still further reduction in competing rates or some special financial inducement as against the local sentiment, which would create antagonism as between a specially favored line and lines running under natural laws. We saw that illustrated recently in the case of the English people appealing to the home Government to assist the Cunard Line as against the combination of boats against it, which resulted in the Cunard Line securing special loans of money at extremely low rates to maintain their independence and competition. I think you would find some retaliatory measures from other governments as against measures that we adopt.

#### EUROPE NOT WHOLLY DEPENDENT.

Now, with respect to the surplus that we dispose of to Germany, England, and elsewhere, I may say that those countries are not entirely dependent upon us. They are releasing themselves very rapidly from the condition of a generation ago. We used to feel that they must have our grain, whereas they are very rapidly eliminating that as a factor. The production of the Argentine has grown by leaps and bounds, and if you will get the figures of the corn, or maize, as they call it, exported from that country you will find they are running very high against our own. The production of the Danubian provinces has also grown enormously. They are freer of speculation; there are less rings and less short selling. So, when ships arrive at their ports of loading, they have more regularity in regard to getting their stocks.

In Canada the English Government has taken advantage of the immigration to its great wheat fields of the Northwest to extend the Grand Trunk Railroad for the still further opening of that country. It raised last year, if I remember correctly, about 50,000,000 bushels of the finest wheat in the world, and that grain now seeks the seaboard entirely independent of American lines and bottoms. There are outlets by Montreal and Quebec during the summer season, and they come down and touch Portland and Boston during the winter season. If you will get the statistics of the growth of that commerce at Montreal within recent years I think it will astonish you. It shows that they are laying their lines to get their wheat from their own country. They will have cotton, without question, after the cataracts on the Nile are dammed. That work is almost completed at an enormous expense. Then very large and fertile cotton lands will be opened. All over the world no set of people is going to allow itself to be dominated and controlled by any other people. I think that is the general competition as I see it in the world's trade.

Our high-tariff principle has been in the past a very great advantage to this country. I do not think anyone disputes that. But the question is whether we have not arrived at a time when there should be reductions in the tariff.

The CHAIRMAN. Along what lines?

Mr. TAYLOR. Along general lines. I could not indicate them. It is another one of these difficult problems. I am speaking generally. It is very difficult to give you exact practical suggestions as to what you should do. I think the general demands of the country require reductions, but the matter will have to be taken up intelligently. Those reductions will result in larger return cargoes by the steamers that sail as between ports—

The CHAIRMAN. If it results in larger return cargoes, what will become of our domestic manufacturers?

Mr. TAYLOR. They will live all right, just as the other manufacturers live.

The CHAIRMAN. It certainly must restrict the market for American manufactures.

Mr. TAYLOR. Our ironmasters, I think, do not fear competition; and you gentlemen in Congress talked of erecting a plant as the only way to bring the price of your armor plate down to a fair rate. You wanted some competition.

The CHAIRMAN. That has been discussed.

Mr. TAYLOR. Yes. Personally, as a merchant, I feel that I have to devote my attention, with skill and ability and capital equal to those of my competitors, in any direction where I may see an opportunity to make money, without reliance upon Government aid, because when we get that nursing bottle in our mouths it is a weak dependence. It weakens our individual enterprise. I believe the opportunity at this time is very great, owing to the demoralization and the fact that we own no old tonnage. We can start anew, and you can buy a high-class boat at very much less cost to start with.

Senator MALLORY. The evidence we have had laid before this Commission, and in the past also, has shown that the operating expenses are at least 33½ per cent greater on an American than on a foreign ship. After you get your ship, how are you going to operate her?

Mr. TAYLOR. Our laws are defective. They ought to be changed.

Senator MALLORY. What change would you make?

Mr. TAYLOR. I would allow them to select their officers in any port, foreign or not, where they can get the skill.

Senator MALLORY. How about the seamen?

Mr. TAYLOR. I would have them open and free.

Senator MALLORY. They are free now.

Mr. TAYLOR. Yes.

Senator MALLORY. There is no restriction in that respect, and yet the wages of seamen on American vessels are said to be higher than on foreign ships.

#### WOULD HAVE FOREIGN OFFICERS AND MEN.

Mr. TAYLOR. If there was no law to restrict me, I would get my sailors at the same price that the foreigner does. They are taking advantage of the navigation laws to ask more money.

The CHAIRMAN. Would you change the statute in regard to the food schedule?

Mr. TAYLOR. I would allow steamers to get their supplies wherever they wanted. A steamer is in a free-trade ocean. You can not extend the protection principle to the ocean. It is free trade.

The CHAIRMAN. We can protect our own ships.

Mr. TAYLOR. If you can get them to run.

Senator MALLORY. The point I wish to get at is this: There is now no restriction upon the employment on board an American ship of seamen from anywhere, and yet the evidence that this Commission has had laid before it in New York indicates that in certain ports, at least, of the United States it is impossible to get sailors to ship aboard American vessels for anything like the wages that the same sailors would accept aboard a foreign ship for the same voyage.

Mr. TAYLOR. That is true of Pacific coast ports, without question.

Senator MALLORY. It is true, evidently, of the city of New York, from the evidence we have had laid before us. I do not know that it is so in Philadelphia. I do not think it is so in some other ports of the country. Nevertheless, it is a fact that in certain ports of this country there is a discrimination against American ships with respect to sailors, notwithstanding the advantages in favor of American ships as respects food.

Mr. TAYLOR. I take it it is a contest as between the coastwise application for seamen and the deep sea, because we have no deep-sea trade in American bottoms.

Senator MALLORY. The American sailor has no protection; he is one of the few laborers who receives no protection from the Government, and yet that condition as to wages exists in certain ports.

Mr. TAYLOR. We have no ships now operating in the deep-sea trade. Then there is another thing: The sailors may be Englishmen, and may live in London or Liverpool and want to go back to their homes. You do not know what reason they have for preferring a certain line to another line. And as has been pointed out, we have had a good deal of trouble with the boarding-house keepers.

Senator MALLORY. Do you think the unions have anything to do with it in cities like San Francisco and New York?

Mr. TAYLOR. I think it has been shown that where they can corral the thing they are doing it where the supply of labor is short, getting all they can out of it.

Senator LODGE. You propose to get over the difference in the cost of construction by free ships?

Mr. TAYLOR. At first; the initial difference.

Senator LODGE. And then you propose to overcome the difference in the expense with respect to officers and seamen by allowing the ship to get its officers and seamen wherever it can?

Mr. TAYLOR. Yes, sir.

Senator LODGE. And to relieve American vessels of the laws in regard to victualing a ship?

Mr. TAYLOR. Yes.

Senator LODGE. How do you propose to meet the foreign subsidies?

Mr. TAYLOR. I make a distinction there. I think we ought to take out the high-grade ship and treat it on a different plan, because it carries the mails.

Senator LODGE. Having got the foreign ship on the Clyde at an equal price with that of your competitor, and having got your officers and crew on the same basis, and having got your operating expenses down to the foreign level, you still have to meet the foreign subsidy.

Mr. TAYLOR. The mail subsidy.

#### WOULD SUBSIDIZE FOREIGN BUILT SHIPS.

Senator LODGE. I do not mean merely mail subsidies. I mean all kinds of subsidies. France gives both mail and mercantile subsidies, and construction bounties are given by some countries. How do you propose to meet those? Are you going to give subsidies and bounties to foreign-built ships?

Mr. TAYLOR. That Americans own?

Senator LODGE. Yes.

Mr. TAYLOR. Yes. You want the American citizen to control the boat, do you not? You want the ownership held here. You want to put him on a plane of equality.

Senator LODGE. Ownership is one thing, but I think the employment of American labor is very much of an element.

Mr. TAYLOR. If you add to the tonnage on the sea, will you not add to the opportunities for employment?

The CHAIRMAN. Foreign employment.

Senator LODGE. Foreign employment. If you employ nothing but foreign officers and foreign sailors, how do you add to the employment of American labor?

Mr. TAYLOR. It does not follow that all of them should be foreign.

Senator LODGE. It does not follow, but it is probable.

Mr. TAYLOR. Is it not true that our captains, as a rule, are Englishmen, who become naturalized in order to secure the higher pay? The law requires that our officers shall be Americans, and the Englishmen accept naturalization as a part of the employment.

Senator LODGE. I was not aware that that is the case.

Mr. TAYLOR. I think you will find, if you inquire, that we tell the English officer of skill, the man to whom we want to intrust our ship, that he must become an American citizen and take out naturalization papers.

Senator LODGE. That is not the point I want to get at. He becomes a citizen at all events. How do you propose to equalize the subsidies? You have equalized operating expenses and construction costs by building your vessel abroad and maintaining it in a foreign port. How do you propose to equalize the subsidies which foreign nations give?

Mr. TAYLOR. So far as I know it is chiefly mail pay, given to large steamers.

Senator LODGE. The English subsidies are mostly mail subsidies.

Mr. TAYLOR. The French subsidies have not been a success. With the most enormous allowances their development has been very trifling.

Senator LODGE. It is not trifling; it has been considerable. But we will take the Cunard Steamship Company, to which the British Government is advancing money—some four millions sterling, I think—at a low rate of interest to build ships, and, practically, by the arrangement of the subsidy, it amounts almost to a gift. Now, how are we going to equal that? Is the American Government to give \$20,000,000 to build four fast ships in English yards and to officer and man those ships with Englishmen?



Mr. TAYLOR. This high-grade ship, this cruiser, this 23-knot boat has imposed upon it special requirements by the Government for defense and also for passengers and mails. I have not been discussing that feature. I think it ought to be treated on its own merits.

Senator LODGE. I understand what you are getting at, which is the equalization of conditions. I understand how you propose to equalize two of the conditions. What I am trying to ascertain is how you propose to equalize the third, the third condition being Government aid.

Mr. TAYLOR. I would classify the high-grade boats—the fast boats of the world—and put them on identical terms.

Senator LODGE. Would you give a Government subsidy to a ship built on the Clyde and manned by officers and men from anywhere?

Mr. TAYLOR. Yes, sir, that is right, to start with.

The CHAIRMAN. It is safe for this Commission to assume that you leave out of your calculation entirely the possible rehabilitation of our American shipyards. Am I correct in that?

Mr. TAYLOR. No, I do not say that. I think the result would be that we would shortly have a greatly reduced price by railroads and for steel supplies, to the same basis as that on which they sell for export.

#### ABANDON THE SEA TO FOREIGNERS.

The CHAIRMAN. But if you are going to buy ships abroad and then equalize the conditions as to cost of operation and food supply, unless you can go further and equalize American wages to the standard of European or Asiatic wages, you are never going to build ships for the foreign trade in American shipyards. I will say that that is the problem, and a very difficult and complex one, which the Commission is asked to work out.

Yours would be a very easy solution. This Commission could make a report and settle the matter in five minutes by simply saying "We abandon the field to foreigners, and Mr. Taylor has told us how to do it."

Mr. TAYLOR. I think you had better abandon the field if the intention is to draw on Government moneys beyond these fast boats and to extend aid to the general freight boat.

Senator LODGE. Are the English subsidies and those of other nations given to foreign-built ships?

Mr. TAYLOR. There is no necessity for it.

Senator LODGE. I am not talking about the necessity. If an English company or a Germany company could get their boats built somewhere else more cheaply than in England or in Germany, do those Governments, under the provisions of the subsidy laws, permit the subsidies to be given to such foreign-built boats?

Mr. TAYLOR. Not that I am aware of.

Senator LODGE. No; they do not. They require them to be built in their own shipyards.

Senator MARTIN. Is it not a fact that England gives no aid whatever to an ocean freight carrier?

Mr. TAYLOR. That is correct as far as I know. I never heard of it.

Senator MARTIN. It is a fact.

Senator LODGE. Not absolutely. There are cases where she gives mercantile subsidies.

Mr. TAYLOR. They are exceptional.

## THE ENGLISH SUBSIDIES.

Senator LODGE. They give aid in this way. A mail subsidy is given to a line—for instance, the Peninsula and Oriental Line. It has 14 ships earning mail subsidy, and it has 70 freight carriers in that line. Of course in making up the accounts of the company the subsidy distributes itself over the whole number.

Senator MARTIN. Certainly; it is the same as we do in the case of the Ward Line. We give subsidies to 5 ships, and they have 14 ships which receive nothing. It enables them to maintain all 19 ships. They get \$200,000, which is a great help. However, 14 of the steamers carry freight, and but 5 carry mail.

Mr. TAYLOR. I have no objection, from the freight standpoint of the contest, to high-speed mail steamships being subsidized, but what I do ask is that we may have an opportunity at such ports as Philadelphia, where we are trying to deepen our river and maintain a share of the lower-grade freight on cheaper steamers, to continue that business as Americans under American law.

Senator MARTIN. Your plan of doing that is to have Congress pass a law letting you buy your ships where you please and get your officers and crew where you can get them cheapest, the ships to be used only in the foreign trade?

Mr. TAYLOR. Absolutely. It is simply to enable American capital to own ships and compete with other capital. The Germans were allowed that opportunity when they started their marine. They bought largely of others.

## WAR VALUE OF A MERCHANT FLEET.

Senator MALLORY. Let me ask you one more question bearing on that. I have listened with a great deal of interest to what you have said. I should like to know whether, in your opinion, it is necessary for the United States to own a foreign-going marine?

Mr. TAYLOR. Of what class?

Senator MALLORY. Deep sea.

Mr. TAYLOR. High class?

Senator MALLORY. No; freight carriers, like the English tramp steamer. I wish to know whether you think it is eminently desirable that the United States should have such a marine?

Mr. TAYLOR. It would be very useful in case of need in transporting the bulky traffic. Such vessels would carry horses and army equipment and food. They were found very essential in the South African war, where an enormous transport fleet, aside from the fast boats, was required to carry the material.

The CHAIRMAN. What line of steamships do you operate?

Mr. TAYLOR. The Philadelphia Trans-Atlantic Line.

The CHAIRMAN. From here to Liverpool?

Mr. TAYLOR. From here to London.

The CHAIRMAN. Under the American flag?

Mr. TAYLOR. No; we could not afford to buy the boats. I applied to the Messrs. Cramp. Nothing would have given me more pleasure as a citizen than to have had boats for our line built here. But it was absolutely impossible under the conditions.

The CHAIRMAN. So you availed yourself—

Mr. TAYLOR. It is the only way.

The CHAIRMAN. Of the low cost of construction abroad, and now you want to avail yourself of the low cost of operation by employing foreigners?

Mr. TAYLOR. We have to charter the boats. We do not own them.

The CHAIRMAN. It is the same thing.

Mr. TAYLOR. I have prepared a communication on the subject which I should like to read to the Commission.

The CHAIRMAN. You may do so.

Mr. TAYLOR. It is as follows:

PHILADELPHIA, *May 24, 1904.*

COMMITTEE ON REVIVAL OF AMERICAN SHIPPING,  
(Mr. E. S. Cramp, Chairman),  
*248 Bourse Building, Philadelphia.*

DEAR SIR: We have to acknowledge receipt of your favor of 21st, advising of a meeting at the Philadelphia Board of Trade, May 26, of the Merchant Marine Commission appointed by Congress, and of its desire for suggestions as to what could or should be done by national legislation to improve the condition of the American merchant marine. We further note your committee's request for a prompt reply.

The subject-matter is one of great importance. The coastwise trade between the various ports of the United States is protected through legislation, limiting its control to vessels of American construction. The commerce remaining—that is trading between the ports of one nation with those of another—is carried on by vessels of all nationalities, and may be readily grouped into general classes:

First. Regular services between two or more established ports, the steamers trading therein being constructed to suit the especial requirements of the said ports and sailing on appointed schedule dates and having the benefit of specially secured quay and dock facilities.

Second. Steamers belonging to what is known as the "tramp class," built to trade in the general ports of the world, and securing cargoes by charter or otherwise from one port to another as offerings are made.

Again, the steamers in the regular services may be classified into (a) ocean greyhounds, of the fastest speed, especially adapted to the carrying of passengers, mails, and high-class and perishable freight. (b) Composite freight and passenger boats, carrying passengers, mails, and high-class freight, but several days slower than the "a" class. (c) Freight boats, carrying cattle and general cargo only.

The steamers of the second, or tramp class include a motley aggregation of all kinds and sizes of vessels with varying rates of speed, and meet the requirements of the commercial world in supplying tonnage for the cheapest possible movement of surpluses beyond the capacity of regular services, and also in carrying freight to outports having no regular ocean services. Their services are valuable in enabling full or homogeneous cargoes—grain, coal, lumber, and other articles—to be moved from port to port at minimum costs, the rates for such movements varying according to the natural laws of supply and demand. The cost of this tonnage varies from new ships built at the lowest cost secured by competition down to old ships ready for the junk pile, and in consequence it may be fairly assumed that any efforts by subsidy to establish an American marine would probably be initiated with vessels

constructed for use under the first class. If this assumption is correct we are confronted with the fact that at the present time there is an enormous oversupply of existing tonnage of high class, and in consequence the supply of ocean room available is far in excess of the amount of traffic offering, and many steamers of this class are tied up doing nothing, awaiting more favorable conditions.

Again, these regular services have established terminal and other facilities, and also secured relationships with shippers and consignees, and this applies to all principal ports between the Gulf and Atlantic seaboard and principal English and Continental ports.

The present depressed conditions would be relieved by large crops, harvested in good condition and producing surpluses available for export at prices in competition with other grain-producing countries, thereby enabling the utilization of the excessive tonnage already on hand. At the present time it is possible, owing to the surplus, to purchase existing tonnage at greatly reduced prices, and to contract for new tonnage in foreign yards at very low rates.

If the people desire that the American flag shall be carried at the masthead of steamers engaged in foreign trade, the first step toward a practical solution, as I see it, would be the alteration of the present navigation laws, enabling American citizens and corporations to purchase their ships in the lowest market and register them under the American flag, and also to allow the supplies and crews to be shipped under the same conditions as foreign owners. The next step would be the recognition of the reciprocity principle in adjusting the tariffs, thereby enabling steamers to carry an increased amount of inward or return cargo. American capital, under these conditions, would take advantage of the opportunities, whenever they offered in the judgment of the parties promoting the enterprise, a fair opportunity for securing the capital and a fair return thereon.

If the country desires to "stand pat" on the tariff and to allow the present navigation laws to remain unaltered, I do not see how it can expect to develop a successful and permanent American ownership in steamers engaged in foreign trade by any artificial process of subsidy from the United States Treasury. Any form of subsidy attempted would be very apt to result in favoritism, preventing more general development, or, if made sufficiently tempting and general, in what would practically amount to the formation of companies solely for the purpose of taking advantage of the pecuniary benefits of the subsidy legislation, viewing the matter from that standpoint without, perhaps, sufficient regard to the ultimate ends desired of placing the trade upon a permanent footing.

Yours, truly,

F. W. TAYLOR.

#### STATEMENT OF DAVID S. STETSON.

David S. Stetson appeared before the Commission.

The CHAIRMAN. Kindly state to the Commission in what line of business you are engaged.

Mr. STETSON. I am an American and my sympathies are with American shipping. My family have been in the vessel business since 1680.

The CHAIRMAN. What is your business?

Mr. STETSON. Ship broker and vessel owner. I feel that I wish to

indorse Captain Randle's suggestion for the improvement of American tonnage; that is, a subsidy both to sail and steam.

The CHAIRMAN. Do you think Mr. Taylor's formula, given a few moments ago, would help you out any?

Mr. STETSON. No, indeed; I do not indorse a word Mr. Taylor said. I am surprised to find that an American would get up and make such a speech.

#### THE MATTER OF ADVANCES.

By the laws which have been enacted by Congress regarding sailors, we are hampered in being obliged to employ licensed mates and also in not being allowed to pay advance money. So we are hampered very badly in that line. It increases our wages fully 33 per cent. A vessel under a foreign flag can pick up a crew where the captain chooses, either through shipping masters or boarding house keepers, and their wages will be fully 33 per cent less than ours. Our wages now are about \$30 a month for sailors and from \$45 to \$65 for licensed mates, whereas foreign vessels are paying \$16 to \$20 for the crew and \$30 to \$40 for mates.

Senator MALLORY. Are you speaking from the standpoint of Philadelphia?

Mr. STETSON. No: I am speaking of the entire trade—Philadelphia, New York, Boston, and Baltimore.

Senator MALLORY. The difference is as between \$16 to \$20 and—

Mr. STETSON. No; the difference is as between \$20 and \$30 for sailors, and between \$35 and \$45 to \$60 for mates.

Senator MALLORY. Tell me why that is.

Mr. STETSON. The foreign vessel is enabled to go to a shipping master and say, "I want you to get me a crew." The shipping master says, "What advance will you pay?" The shipmaster says, "I will pay a month or a month and a half advance." The foreign vessel immediately gets that crew for a third less, because we are not allowed to pay advance.

Senator MALLORY. Do you think it is all due to the shipping master or boarding-house keeper?

Mr. STETSON. No; it is due to the sailor. It is due to both.

Senator MALLORY. That is, in the foreign trade?

Mr. STETSON. In the foreign as well as the coastwise. We are handicapped in Cuban and South American business.

Senator MALLORY. Do you think if we repealed that law it would make any difference in the wages paid our sailors?

Mr. STETSON. If we could pay advance wages, our wages would decrease 33 per cent. Up to within five years we never knew what it was to pay over \$20 for a sailor, and the last four or five years we are paying \$30.

#### THE LICENSED MATES.

With respect to the licensed-mate law, I will say that quite frequently we are obliged to remain here four or five days waiting to get a licensed mate. We sometimes have to telegraph to Boston, Baltimore, and New York, and then at last the only relief we have had has been by telegraphing or writing to Cortelyou asking permission to go without a licensed mate, and several times we have had that permission. If

you do happen to go without a licensed mate and say "we will not ship any mate," you are liable to a penalty. We did it on a vessel for a short time, and the fine was \$100, all of which, except \$10, has since been remitted.

Senator MALLORY. Do you think the act has been of benefit to the sailor himself?

Mr. STETSON. No; it has just been the reverse.

As a member of the committee of the Maritime Exchange, and also as representing the Manufacturers' Club of Philadelphia, I feel that the remedy must come from Congress, and I indorse the suggestion of Captain Randle for the payment of a bounty of 5 cents per ton register per 1,000 miles for all American-built vessels flying the American flag under American register, both steam and sailing vessels, and in addition thereto the repeal of some of the laws recently enacted regarding vessels securing crews for manning the vessels. Under the law now we are obliged to ship licensed mates for all vessels of 800 tons register and over, which results in delay to vessels and an increase in wages of fully 25 per cent over the unlicensed mate. The delay is caused by scarcity of such mates. The law should be repealed forbidding the payment of advance. Since that law has been in force wages of the sailor have increased  $33\frac{1}{3}$  per cent. As proof of this statement, foreign vessels can to-day secure sailors at \$20 per month, and one month's advance, whereas an American vessel can not secure a crew at less than \$30 per month, no advance being allowed under the law. If Congress would only enact laws to protect our merchant marine as they have protected the manufacturer, the merchant marine would immediately increase.

#### STATEMENT OF HENRY R. EDMUNDS.

Henry R. Edmunds appeared before the Commission.

The CHAIRMAN. In what line of business are you engaged?

Mr. EDMUNDS. I am an attorney. I have been an owner of vessels, both foreign and domestic, for the last forty years. I appear here at the request of the gentlemen who sent the circulars around, to answer such questions as the Commission may wish to ask me.

I have been considering the subject lately—in the last two or three days—and have come to a conclusion which may not be wise, and which may not be agreeable to the Commission, but it is my own personal sentiment. That there is a decrease in American vessels engaged in American commerce, both foreign and domestic, there can be no doubt. I have seen this very notably in my own time. So far as domestic vessels are concerned, or those engaged in domestic trade, it probably is the result of railroads. They get to points which we used to reach by vessels. That can not very well be helped.

So far as foreign commerce is concerned, we are handicapped in two ways. First, by the expense of running the vessel, in which expense I include the wages of the sailor, and also by the cost of building the ship. Whether the United States would be justified in spending money in the way of a subsidy or bounty to the builder or the owner of a ship is a question for this Commission to decide, and it is very much, it seems to me, in the nature of a tariff law. You do protect manufacturers. You do not protect the man who has the arid land

out West which he wants to have irrigated, and who has the same right probably, but not so extensively, perhaps, to ask the Government to help him to water the land—

The CHAIRMAN. That is what we actually did in the last Congress. Senator LODGE. That is what the Government is doing now.

Mr. EDMUNDS. If the Government did that in the last Congress then it is time to step up and help us. [Applause.] I felt a little uneasy on the subject of irrigation, because I thought those people were entitled to some help, and I thought they had about the same right to claim assistance that we had to have our ships built in this way by subsidies.

#### A SUBSIDY SYSTEM BEST.

It seems to me a subsidy system is less objectionable than any other method that can be conceived. The difficulty will be to get up such a schedule of subsidies—such a system as will do exact justice to vessels of all kinds. In the first place, I do not believe you can reach by a subsidy the question of wages. I do not see how that is possible. The difficulty in the matter of wages in the United States, in my judgment, is that we have not the sailors and we have not the opportunity to make sailors.

We have very few places in the United States where there are school-ships. We want more school-ships. We want sailors. We want intelligent sailors. Nearly half of the American sailors on the Atlantic seaboard are negroes. Take the coastwise trade and you will find if you want American sailors you have to go down South and get negroes. Otherwise you must take Norwegians and Swedes and Italians and Germans, or anybody you can get.

Under our laws the officers must be Americans and a portion of the crew must be Americans. If you want American sailors, and plenty of them, you must induce American boys to become sailors. There are plenty of them who would take it up if they had the opportunity to get the education. We turn out from our school-ships to some extent men who are skillful navigators. It is a very wise policy that we should have people of that class.

A subsidy in my judgment differs from the tariff very little. The tariff the community at large pays, or the man who uses the goods—the consumer—pays. The subsidy is paid by the Government—all of the people. What is the difference? It comes out of the same pocket. If you have a differential tariff, what do you do? You break down your tariff; and I as a Republican do not want to see that done. I want to keep it just as it is. You will break down your tariff the moment you put on differential duties. With a subsidy the only thing you do is to add to the opportunity of the shipbuilder, and you benefit the shipowner by adding to the value of the ship. I think the Government would be justified in doing that, inasmuch as they have done it in manufacturing, only in another shape. That is all I care to say. I could tell you some things about the navigation laws, but the time for recess has come.

Senator PENROSE. The Commission would be very glad to hear you on that point.

## FORBIDDING AN ADVANCE.

Mr. EDMUNDS. I think the difficulty is this: When you pay the sailor advance money, he does not go aboard. That is the trouble. He gets his money, or the boarding-house keeper gets it, and the sailor does not turn up. In my official capacity as United States commissioner I have had experience with this matter for a great many years—twenty or thirty years. Sailors after they get their advance money do not turn up. They put it in their pockets, or the boarding-house keeper gets it, and a sailor may ship three or four times in the same city. It is very difficult to say whether that ought to be abolished or not. Under our present law a man can not get his advance. Under the circumstances I think it is a very nice question whether we ought to dicker at all with the navigation law with respect to the sailor. We have tried to do the best we can for him. The trouble in the United States—I have often thought of it, and I do not know whether there is any law in this or not—is that we live too well. We want to live well. That is why there is a tide of immigration to this country every year from abroad. Those people expect to do better here and to live better, and get better wages, and we expect them to do it. And we, in this country, live better than any people on the face of the earth.

Senator MARTIN. If the law forbidding an advance to a sailor on an American vessel is to remain in force, is there any reason why it should not be made to apply to foreign vessels as well?

## INCLUDE FOREIGN VESSELS ALSO.

Mr. EDMUNDS. None at all.

Senator MARTIN. Do you see any objection to it?

Mr. EDMUNDS. No, sir.

Senator MARTIN. I mean to extending it to foreign vessels if it is to be continued?

Mr. EDMUNDS. I see no objection to extending it.

Senator MARTIN. Do you see any good that would come from extending it?

Mr. EDMUNDS. The sailor is a difficult man to handle. He is a man without education.

Senator MARTIN. But ought not all sailors to be handled under the same rule?

Mr. EDMUNDS. Yes.

Senator MARTIN. Should not the sailor be under the same rule with respect to a foreign vessel?

Mr. EDMUNDS. We can not do it as to a foreign vessel.

Senator MARTIN. Why not? Is there any reason why we can not pass a law to control a foreign shipmaster while he is in our port?

Mr. EDMUNDS. You are butting up against the treaty.

Senator MARTIN. I am not aware of any treaty that compels us to give a greater privilege to an alien than to our own citizen.

Mr. EDMUNDS. No. The Constitution merely says:

The citizens of each State shall be entitled to all privileges and immunities of citizens in the several States.

If you were to pass a law forbidding the payment of advance money to foreign sailors shipped in foreign vessels, in American ports, some



nation would retaliate. However, I do not see that it would hurt us any if it did. I think, possibly, it would be a good thing all around. The law ought to be in such form, however, that a man may leave an order, if he so desires, for a certain amount to be sent home, so that his family can enjoy it.

Senator PENROSE. What do you think about the suggestion with respect to the shipping commissioner, which was made by one of the gentlemen here this morning?

Mr. EDMUNDS. What is that?

Senator PENROSE. To extend the power of the shipping commissioner so that he may hold money for sailors, to be sent to their families.

Mr. EDMUNDS. I see no objection to that. However, it all depends upon the character of the man.

Senator LODGE. Do you think the law prohibiting an advance is a good one?

Mr. EDMUNDS. Yes, I do.

Senator LODGE. You think it ought not to be repealed?

Mr. EDMUNDS. I think it is a good law. I think we should be very much embarrassed in this port if we had not such a law. You can not get a man to go aboard a vessel after he has your money in his pocket and is out over night. Half of the men we ship here, if you pay them in advance and leave them ashore over night, will not turn up in the morning, or their money is all gone. That is no good. It is no good to the sailor and it does not help us to get anybody.

#### STATEMENT OF THOMAS WINSMORE.

Thomas Winsmore appeared before the Commission.

The CHAIRMAN. Mr. Winsmore, please state to the Commission your business.

Mr. WINSMORE. I am a vessel owner and ship Chandler.

The CHAIRMAN. Proceed with your statement.

Mr. WINSMORE. Mr. Chairman and gentlemen, representing as I do the coasting trade of Philadelphia, being largely interested in it, owning a large interest in a great many vessels, there are a number of things that I think could be arranged and changed, by recommendation of your Commission, which would be of benefit.

The first is an entire revision of the statutes of the United States relating to this subject, for the laws under which we are operating are old and obsolete, a good many of them having been passed in 1700, and they certainly are not meeting the requirements of to-day. The coasting trade is laboring under onerous charges made by different States, more particularly on account of pilotage, which is an onerous charge and an expensive one, and it is one which I think the Commission could handle with a great deal of benefit to our coasting trade.

Another is the question of sailors. We have great difficulties. The law as it stands provides that we must have in certain sized vessels licensed captains and licensed mates and seamen. We have a great deal of difficulty in getting the seamen and a great deal of difficulty in getting the mates. There are in Philadelphia, and also in other cities, a large number of men who are probably competent to take an examination, but they seem to fear it and will not do it. The consequence is that the few who are licensed as mates impose upon us by high wages

and bad conduct, and a good many of them who hold these certificates, simply because they are capable of holding them, are men whom we would not trust if we were not compelled by law to take them.

#### EXTEND POWERS OF SHIPPING COMMISSIONER.

We think the powers of the United States shipping commissioner should be extended. He should be given power. Now he is a non-entity. We take our men to him for shipment. He signs them. There his power stops. If they want to go aboard they go; if they do not they do not. There is no power at present to make them go.

When it comes to a question of wages upon the completion of the voyage and the settlement of any dispute, he has very little, if any, power. He has no power, it seems to me, that he can exercise which is of benefit either to us or to the sailor. If there is a question, probably it is left to the United States commissioner, and that is a great deal of trouble and it is expensive for us all. Those are questions which I have no doubt you have heard of in the other cities to which you have been, and they could be very easily adjusted, and their adjustment would be of great benefit to us.

There is another matter in regard to the subsidy. I am an owner in large vessels and would only be too glad to take part in the foreign trade if it were possible, but it is not from the fact that freights are so low. Like Captain Randle, I am of the opinion that a per mile per ton bounty would be of great benefit to us as owners and a great benefit to the shipbuilding industry of the United States. But very much unlike some other gentlemen, I would never think but that they should be officered by American citizens, and I, as an American, would prefer to have them manned by Americans; but that is almost impossible. As was remarked by one gentleman, now nearly all of our coasting sailors, or the large percentage at least, are colored. They are good men. We have very little trouble with them.

Only the unions are interfering. The unions are made up largely of men who are not citizens of the United States, or a very large number of them are not, and without those unions and if the colored men were let alone, we would have just as good men as go aboard a vessel out of the colored men of the United States. [Applause.] That is one of the things that I think could be very easily adjusted also.

I hope you gentlemen, as you go to the different cities and see the requirements of the different cities, will give us some relief. We have appeared before you in Congress. We have asked relief from you time and again, but we do not get much. It seems to me it is a contraction instead of an extension of relief. We did at one time have shipping commissioners who were commissioners. We had in Philadelphia one of the best—Judge Young—but the power has been taken away from them until now they are powerless.

I do not know that I have anything else to say. I will file this paper:

It appears to me that the only feasible method of encouraging the merchant marine engaged in foreign commerce is to subsidize all vessels so engaged on some equitable basis. In the United States the mechanic desires to live better than his foreign brother, hence so much immigration. To live better he must be better paid, and thus his product becomes more expensive, and this product thus produced

must contend for existence with the product of other nations not so expensively produced. How then can this inequality be best remedied or overcome? If we discriminate by duties we will perhaps affect our treaties, and nations discriminated against will be disposed to retaliate. If we subsidize in favor of our ships, other industries will perhaps conceive themselves neglected if not receiving an equal encouragement.

So that it is well in the first instance to be satisfied whether the foreign carrying trade is of sufficient paramount importance to justify special legislation in its behalf. To those who reside or do business by the seaboard there would seem to be no question of the special importance of encouraging the building and sailing of ships, but the Western man who owns a tract of arid land, unprofitable by reason of its character, will not be able to understand why Congress should not assist him to irrigate. I consider, however, the difference to be that one is of national importance as enabling us to keep abreast of other nations upon the ocean and its traffic, and the other is largely individual.

As it is confessedly more expensive not only to build but to man American ships than it is to build and man those of foreign countries, it naturally follows that unless something is done, some action taken by Congress, in a very little while there will be no American-built ships. Would such a result be as great a disaster as the neglect to subsidize the western man's arid land? I think it would not be much credit to our country to be known as the nation without merchant ships. I therefore take it for granted that Congress desires to assist the merchant marine, and now only desires to ascertain how this may best be accomplished.

I can not think that any system can be entertained more equitable or more sure in result than a so-called subsidy of so much per ton per mile. This would, of course, increase the value of the ship and would not affect the price of the commodity. There would be no need of the disarrangement of the tariff or our treaties. A reduction or abolition of the duty on articles carried in American bottoms would result, among other things, in an increase in the number and amount of cargoes carried and a consequent reduction of income received from the tariff and to a large and increasing extent reduce the opportunity for competition between home and foreign manufactures, while a subsidy to ships would result in retaining intact the tariff and the revenue obtained therefrom, as well as protect the home manufacturer.

A subsidy is in its effect a tariff. In the case of a tariff the people pay—in the case of a subsidy the government of the people pay. In both cases the value of the thing is increased and business and trade are more extended. Both are a protection to home industries. Whatever encourages the use of capital benefits the workingman, and that which benefits him affects the community and the country.

Very truly,

HENRY R. EDMUNDS.

The CHAIRMAN. Gentlemen, we have had a most delightful interview this morning, and we will now take a recess until 2.30 o'clock, when the session will be resumed.

I wish to say that under the statute creating this Commission we feel it not only our duty but our pleasure to hear practical men, men who have shipped before the mast, representatives of labor as well as

representatives of the shipbuilding interest, and if there are such gentlemen who wish to be heard the Commission will be glad to give them the opportunity to submit their views.

Thereupon, at 1 o'clock and 15 minutes p. m., the Commission took a recess until 2.30 o'clock p. m.

#### AFTER RECESS.

At the expiration of the recess the Commission resumed its session.

#### STATEMENT OF CHARLES H. CRAMP.

Charles H. Cramp, of the William Cramp & Sons' Ship and Engine Building Company, appeared before the Commission.

The CHAIRMAN. Mr. Cramp, we shall be glad to hear any statement you may care to make.

Mr. CRAMP. I have a communication which I will read:

PHILADELPHIA, *May 25, 1904.*

The COMMISSION ON REVIVAL OF AMERICAN SHIPPING,  
*No. 248 The Bourse, Philadelphia, Pa.*

GENTLEMEN: I have received your letter of May 20 announcing that I had been selected "to appear before the Merchant Marine Commission for the purpose of giving your views as to the character and kind of national legislative assistance needed to reinstate the mercantile marine of this country in the position which it once held," stating further that "the Commission is fully aware of the difficulties under which American vessels now labor," and that it "does not need any information on the subject of the increased cost of building or running an American vessel in competition with foreign vessels;" but has asked "particularly for suggestions as to the method of remedying the disabilities which now exist."

I find that your request for my views as "to the method of remedying the disabilities that now exist" is a difficult one for me to handle, having in mind the experiences of thirty years' continuous application to Congress for assistance.

A committee composed principally of shipbuilders and shipping merchants, about a dozen in number, appeared before a select committee of the House of Representatives, John Lynch, chairman, during the fall and winter of 1869. This committee presented a report on the "Causes of the reduction of American tonnage," February 17, 1870.

#### DIVERSE VIEWS OF SHIPBUILDERS.

The opinions of the various members composing that committee of shipping men were of the most diverse and conflicting character, as will be seen by an examination of Mr. Lynch's report. Some were in favor of absolute free trade, some for the introduction of free materials that went into ship construction, and some went as far as advocating the abolition of the navigation laws—a free-ship law, etc.

In the end Mr. Lynch advised the committee to go home and remain there until they could present some plan that they could all agree on and which would commend itself to Congressional approval. Since that time I have been in favor of every plan that the committees would

consider of sufficient merit to convince Congress of the propriety of rendering aid to the shipping business.

The principal advocates of free material and the abolition of a protective tariff became convinced that they were wrong to press their views, and ultimately became protectionists. Some of my views in other directions have also undergone a change since that time.

The principal advocates of free trade in raw materials then were William H. Webb, John Roach, of New York, and Franklin W. Smith, of Boston. They found that special legislation for a single industry could not be entertained for a moment, and particularly at a time when the friends of protection to American industries were very much in evidence in exploiting their measures. These three gentlemen became protectionists in the sense of the great expounder of protection, Henry C. Carey.

Impressed with the advice of Mr. Lynch, I have always advocated the majority views of the shipbuilding and shipowning interests as they were from time to time modified to meet the views of the friends of shipping interests in Congress—subsidies for carrying mails and bounties on all ship construction. Discriminating duties have been advocated and have failed.

As the assistance in the way of subsidies and bounties was attacked as a direct inroad into the Treasury of the United States, it met with opposition from members who were always opposed to that kind of legislation and who looked on it as a scheme of special legislation. The foreign shipowner was on the same side, but from interested motives.

#### PROMISES UNFULFILLED.

I have in mind at the same time that the great promoters of protective legislation time and time again assured the representatives of the shipping interests that when they perfected their scheme of protection they would take care of us. These promises were made at the beginning to Messrs. Webb, Roach, and Smith, and were kept up continuously since that time, but when our various propositions came before Congress they were found to be conspicuously obstructive and absent.

The method of levying discriminating duties advocated by Senator Elkins and others appeals to me as being one of the best means of "remedying the disabilities which now exist" and superior to many schemes heretofore proposed, as it seems to meet some of the objections urged against other methods. This plan, however, has its opponents.

The objections urged against this method are that it would be in violation of certain commercial treaties entered into with Great Britain and other countries, and that it would be necessary to revoke these treaties.

#### THE ELKINS PROPOSITION.

Senator Elkins, in his speech delivered in the Senate of the United States April 5, 1897, in favor of discriminating duties, refers to "commercial treaties" with other countries in the following able manner:

"When the United States wishes to restore its shipping and become independent on sea as on land, a treaty with England, covered with the dust of nearly a century, is brought forth, and we are solemnly

told its sacred provisions must not be violated, and we must remain bound hand and foot, powerless to help ourselves, though what is proposed is right and proper and would benefit our interests. No treaty should stand in the way of our having what belongs to us as a matter of right and having our fair share of the carrying trade of the world. Of course no treaty should be violated as long as it is in force, but this bill expressly proposes in terms to abrogate all treaties or parts of treaties in conflict with the provisions of the bill. Among the ways a treaty may be terminated or abrogated one is by act of Congress. This was in contemplation of the contracting powers when these treaties were entered into and ratified.

"The bill under consideration proposes to abrogate only parts of the treaties. But the question arises, How about the other provisions? Will they remain in force or not? Is the abrogation by one of the contracting powers of a clause, or a part of a treaty, without the consent of the other an abrogation of the whole treaty? It is not necessary to discuss this question, because if the act abrogates all of these treaties, it would be far better for the United States than continuing the policy of maritime reciprocity.

"Under these treaties providing maritime reciprocity American shipping on the high seas has declined."

#### TREATIES CAN BE ABROGATED.

After furnishing a list of thirty-nine countries where these "commercial treaties" existed, all resulting from our act of 1828, he goes on to say:

"In entering into the treaties providing for maritime reciprocity the United States abandoned discriminating duties, which was the greatest protection American shipping ever enjoyed, and under which it prospered as it never has since. The true intent and meaning of these treaties was that as between the contracting powers ocean carrying should be free and reciprocal and in effect put upon an equal footing. The United States has observed the spirit of these treaties, and has rendered but little or no aid to take the place of the protection enjoyed under discriminating duties. Other nations, especially Great Britain, France, Germany, and Italy, have not observed the spirit of the treaties, but increased their subsidies and mail pay to ships and adopted other forms of aid to build up and protect their shipping. These treaties are and have been a detriment to the United States, and have only served foreign powers. They take from us as a nation and a people and give nothing in return. They are one-sided in their operations, against American interests, and should be abrogated. All of them contain a provision that they may be abrogated by giving one year's notice. If this bill becomes a law it would be the duty of the President to give notice of the abrogation of that part of the treaty in conflict with the act. With this in view, and for other reasons, the act is to take effect fifteen months after its approval. The treaties made prior to 1828 contain provisions by which they lapse by time unless renewed."

#### NO RETALIATION NEED BE FEARED.

It is urged that the revocation of these treaties would be harsh and unfriendly, and would entail difficulties and losses of stupendous moment, etc.; and that it would lead to acts of retaliation involving dis-

astrous consequences, etc. The argument that foreign nations would retaliate will not hold, because no nation has attempted with any success to enact such retaliating tariff laws as against ours; they would get tired of that sort of thing.

An investigation will show that other countries, Great Britain in particular, have never refrained from the enactment of any law if their commercial prosperity was about to be impaired or assailed. They were never affected by the self-abnegation and self-abasement and thin-skinned delicacy that have been the policy of the treaty makers of our country.

We never made a treaty of any moment that was not particularly one-sided and against us, and if these small treaties above referred to were to be carefully examined and the facts known, it will be found that they are in the same boat.

In view of the fact that all of the methods heretofore proposed to relieve us of the "disabilities that now exist" have been met with objections, it is difficult for me to make any particular "suggestions" in that direction, as I am sure that a plan of celestial origin would meet with scores of objections; in fact the more meritorious the project may be the greater the objections urged against it.

#### THE DIFFICULTIES IN OUR WAY.

I find it difficult to take up this question without some reference to the disabilities we labor under in the prosecution of our business: First, the higher first cost of ships due to higher priced materials and wages; second, the greater cost in operating the ship due to higher salaries, wages and upkeep; third, the direct and indirect assistance awarded the shipowner in foreign countries; and fourth, the lack of knowledge in operating the steamship lines due to the fact that there are but a limited number of people in the business who have had that sort of training. This last disadvantage is a very important one, as I consider it indispensable for the successful prosecution of any business that the operators should have had exhaustive training in that line.

The second and third items, as to greater cost in operating American ships and as to the assistance afforded by foreign nations to their own lines, have been fully shown time and time again in the speeches of Senators Frye, Elkins, and others, and I can not see how anyone could have the temerity to dispute the facts set forth therein.

I do not think that I would be doing my duty toward all interested in the shipping industries without calling attention to the active and direct hostility on the part of Great Britain to our shipbuilding and shipowning interests in continuous operation since 1783.

I may say here that I do not think that Congressional assistance should be afforded to the extent of making up the apparent difference in the cost of labor and materials and in the running expenses, etc. There are many reasons in our favor that would reduce the percentage of difference and that show that assistance similar to that proposed in Senate bill No. 2154 introduced by Senator Lodge, December 8, 1903, would be sufficient.

I should like to have printed as a part of my remarks the copy of the bill which I have here.

The bill referred to is as follows:

[S. 2154, Fifty-eighth Congress, second session.]

IN THE SENATE OF THE UNITED STATES.

DECEMBER 8, 1903.

Mr. LODGE introduced the following bill; which was read twice and referred to the Committee on Commerce.

A BILL To regulate commerce with foreign nations, to induce the preferable employment of American ships, to extend the postal service by mail and naval steamers, and to promote intercourse with foreign countries.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the statute law in regard to the duties of tonnage, in respect to the tariff on importations of goods, wares, and merchandise, and in relation to the ocean mail service in force on the day when this Act shall be approved, be, and the same is hereby, supplemented and amended as follows:

#### PART I.—TONNAGE DUTIES.

SECTION 1. That a duty of one dollar per ton on the gross admeasurement, in addition to the regular duty imposed on tonnage by law, shall be levied and collected from every vessel not of the United States that shall arrive with merchandise, passengers, or mails, to be landed in the United States from a country, its colony or possession, to which said vessel does not belong.

SEC. 2. That a duty of fifty cents per ton on the gross admeasurement, in addition to the regular duty imposed on tonnage by law, shall be levied and collected from every vessel not of the United States that shall arrive in ballast or without merchandise or passengers to be landed in the United States from a country, its colony or possession, to which said vessel does not belong.

SEC. 3. That a duty of twenty-five cents per ton on the gross admeasurement, in addition to the regular duty imposed on tonnage by law, shall be levied and collected from every vessel not of the United States that shall arrive in ballast or with merchandise or passengers in a proportion less than one-fourth of her capacity for the same from the country, its colony or possession, to which said vessel may belong; but every vessel coming direct from her own country, its colony or possession, with merchandise or passengers in excess of one-fourth of her capacity for the same to be landed in the United States shall not be subject to an additional or extra tonnage duty unless the country from which she comes direct charges an additional or extra tonnage duty to vessels of the United States, in which case the extra duty per ton of the vessel's country shall be added to the extra duty per ton of our country, and the sum so found shall be the full charge per ton for additional or extra duty to be collected. Surveyors of tonnage shall certify the proportion of carrying capacity occupied by passengers or freight.

SEC. 4. That a duty of two dollars per ton on the gross admeasurement, in addition to the regular duty imposed on tonnage by law, shall be levied and collected from every vessel not of the United



States that shall arrive from a country not her own under engagement to load for another country not her own, or that shall effect such engagement after arrival, and clear for such voyage, there being one or more vessels of American registry in port listed at the custom-house as ready to engage for the same or a similar voyage; and after January first, anno Domini nineteen hundred and six, every vessel not of the United States in the receipt of a navigation bounty that shall have made or that shall make such an engagement, and clear on such voyage, shall pay on said clearance an additional duty of four dollars per ton in lieu of two dollars as aforesaid.

SEC. 5. That a tonnage duty of fifty cents per ton on the gross admeasurement, in addition to the regular duty imposed on tonnage by law, shall be levied and collected from every vessel that shall enter a port of the United States, either with or without cargo, passengers, or mails, if she has stopped on her way at a port of a country not her own for the purpose of receiving merchandise, passengers, or mails, to be landed in the United States, unless said vessel shall have been built in the United States.

SEC. 6. That a duty, to be termed light tax, of five cents per ton on the gross admeasurement of every merchant vessel not of the United States that shall enter a port of the United States shall be levied and collected on clearance for sea, unless in cases where any such vessel shall clear in ballast or shall have been built in the United States.

## PART II.—TARIFF DUTIES.

SEC. 7. That a rebate of tariff duties shall be allowed and deducted on all foreign goods, wares, and merchandise to the extent of five per centum ad valorem in cases where the specific and ad valorem duties together amount to less than twenty-five per centum of the value of the articles, and to the extent of ten per centum in cases where the specific and ad valorem duties together amount to more than twenty-five per centum of the wholesale value of the articles in the market of the port where the same may be brought in by a vessel of the United States. And in cases where minimum or reciprocity duties are imposed by tariff law on goods, wares, and merchandise imported, a rebate shall be allowed and deducted to the extent of two and a half per centum ad valorem in cases where the specific and ad valorem duties together amount to less than twenty per centum of the value of the articles, and to the extent of five per centum ad valorem in cases where the specific and ad valorem duties together amount to more than twenty per centum of the wholesale value of the articles in the market of the port where the same may be brought in by a vessel of the United States.

SEC. 8. That no other or higher duties than those imposed as regular by tariff law shall be levied, collected, or paid on any goods, wares, or merchandise imported direct by a vessel of the country, its colony or possession, which produced the same, or of a country through which said merchandise necessarily passed to reach a market; but on all goods, wares, and merchandise imported direct by a vessel not of the United States and not belonging to the country, its colony or possession, where said goods, wares, and merchandise were produced an additional duty of ten per centum ad valorem shall be levied, collected, and paid; and on all goods, wares, and merchandise imported indirect by

a vessel not of the United States from any country, its colony or possession, not that of the production and original exportation of said goods, wares, and merchandise, the additional duty as aforesaid shall be fifteen per centum ad valorem. And in cases where no duties are imposed by tariff law on certain goods, wares, and merchandise imported, and the same have been brought in by a vessel not of the United States direct from its own country, colony or possession, where the same were produced, there shall be levied, collected, and paid a duty of four per centum ad valorem; but if such goods, wares, and merchandise shall be brought direct from a country to which the importing vessel does not belong, but which was the place of production, then the duty as aforesaid shall be eight per centum ad valorem; but if such goods, wares, and merchandise so imported be brought from a country that did not produce the same, then and in that case the duty as aforesaid shall be twelve per centum ad valorem, valued in the market of the port of entry. In cases where minimum or reciprocity duties are imposed by tariff law on goods, wares, and merchandise imported there shall be levied, collected, and paid full rates of duty, if the same shall be brought in by vessels not of the United States or not of the reciprocating country from which such goods, wares, and merchandise have been exported; or if the same, not being the growth, production, or manufacture of a country contiguous to the United States, shall be brought across the line from such country. And the additional duties imposed under this section shall apply also to all cases where goods, wares, and merchandise shall have been transferred from a foreign vessel or land vehicle at any place to a vessel or land vehicle of the United States for the purpose of convenience or of evading the provisions of this Act.

SEC. 9. That a duty of twenty per centum ad valorem, in addition to the duties imposed by tariff law and also to the additional duties required by section eight of this Act, shall be levied, collected, and paid on all goods, wares, and merchandise imported by a vessel not of the United States from a country to which the importing vessel does not belong, unless the importation shall be the growth, production, or manufacture of a country at peace with the United States. And all goods, wares, and merchandise imported by a vessel not of the United States, that shall be admitted to storage in bonded warehouse with lawful tariff duties unpaid for a period exceeding five days, shall be charged and shall pay an additional duty of fifteen per centum ad valorem, but a rebate of five per centum shall be allowed in all cases where such merchandise shall be reexported and cleared outward in a vessel of the United States.

SEC. 10. That all collections of tonnage and tariff duties, light and entrance taxes, and additional tonnage and tariff duties provided by this Act to be levied, collected, and paid, and all fines, penalties, and forfeitures accruing to the Treasury from violations of the navigation laws of the United States, this Act included, shall, after the passage of this Act, be set apart in the Treasury as a special fund from which to pay, first, for the support of marine hospitals according to law, and, second, from which to pay premiums to exporters of merchandise for manifesting preference for the employment of vessels of the United States not owned by themselves.

SEC. 11. That on and after one year and twenty days from the passage of this Act there shall be paid out of the special export fund

in the Treasury, provided for by section ten of this Act, to the exporters of goods, wares, merchandise, and precious metals to foreign countries in vessels of the United States, registered pursuant to the laws of the United States, and not owned wholly by themselves, as follows: A premium of one-half of one per centum upon the cash valuation of each shipment to a foreign port distant by sea not less than sixty-five miles from the tidal boundary of the mainland of the United States; and a premium of one per centum upon the cash valuation of each shipment to a foreign port not less than four hundred miles from the port of departure in the United States; and a premium of one and a half per centum upon the cash valuation of each shipment to a foreign port not less than one thousand miles from the port of departure in the United States; and a premium of two per centum upon the cash valuation of each shipment to a foreign port not less than two thousand miles from the port of departure in the United States; and a premium of two and a quarter per centum upon the cash valuation of each shipment to a foreign port not less than three thousand miles from the port of departure in the United States; and a premium of one quarter of one per centum additional shall be paid for each one thousand miles above three thousand miles to a foreign port from the port of departure in the United States—that is to say, for a distance of four thousand miles, two and a half per centum; for a distance of five thousand miles, two and three-fourths per centum, and so on, the premium for ten thousand miles being four per centum, which shall be the highest premium that shall be paid; and such premiums to an exporter, as hereby provided, shall be payable to his order upon report of the clearance of the vessel, with a statement of the collector of the port fixing the value of the shipment, which must be sworn to by an appraiser for the United States, within a period of ten days, according to such regulations as the Secretary of the Treasury shall prescribe and promulgate, distances between ports to be determined by the Hydrographic Office of the Navy Department and stated in sea miles.

### PART III.—MAIL SERVICE.

SEC. 12. That the postal Act approved March third, eighteen hundred and ninety-one, be, and it is hereby, amended to provide and to read as follows:

Clause 1. The Postmaster-General shall, as often as once in each year, advertise for informal proposals for the carriage of mails by sea in American-owned mail and naval steamships between such ports of our own and other countries as to merchants may seem advantageous. These advertisements shall be inserted weekly four times in a paper printed in Boston, New York, Philadelphia, Baltimore, New Orleans, Galveston, Norfolk, Charleston, Savannah, Brunswick, Mobile, San Francisco, Portland, and Seattle, and shall describe the service as that of mail and naval steamers best adapted to promote the postal and commercial and naval interests of the United States, and to subserve the interests of their owners as well. Proposers will state the size and speed of vessels, number of trips yearly, remuneration required, time when service could begun, and such other particulars as may seem useful for the Government to consider.

Clause 2. Within two months after receipt of informal proposals the Secretary of the Navy and the Postmaster-General shall together con-

sider their contents, the wants of the naval service and the needs of the postal service and determine upon a schedule of requirements that will satisfy both services. The Secretary of the Navy will control the plans for the vessels and the Postmaster-General will decide upon the postal programme. The Secretary of the Navy and the Postmaster-General together shall advertise formally to let contracts for the running of the steamships required. Such advertisements shall be inserted in the same papers that called for informal proposals four times weekly, describing the route, the principal particulars of construction of the ships, the size and speed, the number of trips, the times of sailing, and the time when the service shall begin. The details of the mode of advertising and letting such contracts shall be conducted in the manner prescribed in the Revised Statutes for the letting of inland mail contracts so far as the same shall be applicable to the ocean mail service. Every contract must have the approval of the President, and none shall exceed the limit of twenty-five years.

Clause 3. The vessels employed in the mail service under this Act shall be officered by citizens of the United States, and each contract shall provide that on departure a certain proportion of the crew shall owe allegiance to the United States, to wit: During the first two years one-fifth thereof; during the next four years one-fourth thereof; during the remainder of the time one-third thereof at the least. It may be stipulated in the contract that mails may be brought from abroad, the foreign country paying for the service; also that passengers and baggage and freight may be carried both outward and inward. After January first, nineteen hundred and six, the mails shall be sent foreign by vessels of the United States, and no others, without the special authority of Congress; and in cases of need, when private enterprise fails to undertake or carry on the service at reasonable or lawful rates of remuneration, the Secretary of the Navy shall have authority, and it shall be his duty, to send mails foreign or bring them home by suitable vessels of the Navy until the further order of Congress.

Clause 4. That all steamships employed in the postal service and hereafter built for it shall be adapted and constructed and made ready to receive guns for prospective use as auxiliary naval cruisers, scouts, or transports in time of war; and in future the plans and specifications shall be agreed upon by and between the owners and the Secretary of the Navy, the strength and stability to be sufficient to carry the armament intended when in naval service, and the tables of materials of construction of hull and machinery to be such as will command the highest classification given by American marine inspection and rating. And all vessels for postal service hereafter built shall be constructed under the inspection of a naval officer detailed by the Secretary of the Navy, to whom he will report in writing the progress made monthly, whether or not the contract is being well performed, and when the trial trip may be made; and no vessel not approved by the Secretary as fulfilling the contract shall be accepted for the service.

Clause 5. The annual compensation to be agreed upon and paid for such ocean mail service as may be contracted for under this Act shall be reasonable and as low as responsible bidders can afford to perform the same, having regard to the encouragement to vessels that is provided by this Act, to the commercial circumstances in each case, and to the rate of compensation for similar service paid by other countries. In any case where a bid may be deemed too high, the programme of

service may be modified and the route readvertised. Payments for the service to be made at the close of each round voyage. Where the service may fail to fulfill the contract for a space of six months the President may declare the contract forfeited, and thereupon the route shall be readvertised and let to another bidder.

Clause 6. Upon each mail and naval steamship the United States shall be entitled to have transported, free of charge, a messenger, whose duty it shall be to receive, sort, take in charge, and deliver the mails to and from the United States, and who shall be provided with suitable room for the accommodation of himself and for the safe carriage of the mails.

Clause 7. The officers of the United States Navy may volunteer for service on said ships, and when accepted by the contractor or contractors may be assigned to such duty by the Secretary of the Navy whenever in his opinion such assignment can be made without detriment to the service, and while in said employment they shall receive furlough pay from the Government and such other compensation from the contractor or contractors as may be agreed upon by the parties: *Provided*, That they shall only be required to perform such duties as appertain to the merchant service.

Clause 8. Said ships shall take as cadets or apprentices one American boy under twenty-one years of age for each one thousand tons gross register, who shall be educated to the duties of the service as seamen, rank as petty officers, and receive such pay for their time as may be reasonable.

Clause 9. Said ships may be taken and used by the United States as cruisers, scouts, or transports at any time upon payment to the owners of fair actual value of the same at the time of the taking, and if there shall be a disagreement as to the fair actual value between the United States and the owners, then the same shall be determined by two impartial appraisers, one to be appointed by each of said parties, they at the same time selecting a third, who shall act in said appraisement in case the two shall fail to agree.

Clause 10. All vessels not of the United States coming with passengers from a country to which they do not belong shall pay to the collector of the port an entrance tax of twenty dollars for each and every such passenger which they shall land with his or her effects.

#### PART IV.—GENERAL.

SEC. 13. That marine underwriters or insurance companies of foreign countries may, in person or through agencies in the ports of the United States, issue policies in conformity with State regulations on shipments of goods, wares, and merchandise to be exported, but any discrimination made in the clauses of policies, in the premium rates, or effected otherwise, which shall tend to favor the employment of foreign vessels, or tend to disfavor the engagement and use of vessels of the United States, shall be deemed a misdemeanor punishable by a fine, as a penalty, in a district court of the United States, for the first offense, the sum thereof not exceeding five thousand dollars; for a second offense the fine shall be not less than ten thousand dollars, and for the third and each offense after the second the fine shall be not less than fifteen thousand dollars, and suits may be brought by any citizen of the United States. In any such suit it shall be no defense that the

rules of any association of underwriters, shipowners, or merchants, not citizens of the United States, or that the inspection and classification of any register book, not owned and printed in the United States, can be claimed to justify the discrimination that may have been the subject of complaint.

SEC. 14. That on and after six months from the date of approval of this Act it shall be lawful for the space of two years, but no longer, for any bona fide citizen, citizens, or domestic corporations, engaged in, or intending to engage in, the foreign carrying trade of the United States, to import and enter at the custom-house for his or their own use in said trade, but not in the domestic trade or to be held for sale or sold to others, any vessel or vessels suitable therefor, of size not less than one thousand tons gross, and of age not more than three years, and have the same duly registered as a vessel or vessels of the United States, but upon the following conditions, nevertheless, to wit: That all vessels imported in the first six months of the term of two years as aforesaid shall pay a duty of three dollars per gross ton; those imported in the second six months shall pay a duty of four dollars per gross ton; those imported in the third six months shall pay a duty of five dollars per gross ton; those imported in the fourth six months shall pay a duty of six dollars per gross ton of measurement. The Treasury Department may allow credit on duties for imported tonnage to the extent of six and twelve months' time on secured notes of owners. And it shall be unlawful, upon penalty, as for misdemeanor, punishable by fine not over one thousand dollars, in a district court of the United States, for the master, owner, or agent of any foreign-built vessel not duly registered, enrolled, or licensed, to fly the flag of the Union from or abaft the aftermost mast, spar, or pole, except as a signal of distress. Every vessel of foreign registry showing her colors in American waters must fly them in the usual place and manner of her nation.

SEC. 15. That the regular duties of tonnage shall be paid alike by American and foreign vessels when entry is made. Entrance or passenger tax shall be paid when permit is given for the landing of passengers from vessels not of the United States, brought from countries to which said vessels do not belong. All additional tonnage duties and the light tax to be paid when clearance of vessel is made, but if clearance be delayed, then, at latest, at the end of four months from date of entrance. American vessels carrying crews of which three-eighths of the number are citizens, shall have rebate of tonnage tax to the extent of twenty per centum; if four-eighths of the crew are citizens, the rebate shall be forty per centum; if five-eighths of the crew are citizens, the rebate shall be seventy per centum; and if six-eighths of the crew are citizens, the rebate shall be one hundred per centum. The United States shipping commissioner shall ascertain and certify to the collector the proportion of citizens in each crew where rebate of tax may be demanded. Regular apprentices as seamen or engineers, if citizens, shall count as men in computing rebate of tax. And in all cases where vessels shall be fined by collectors or commanders of revenue cutters in accordance with the statutes, it shall be unlawful for the Secretary of the Treasury or the Secretary of Commerce and Labor to remit any portion thereof; and it shall also be unlawful for the Commissioner of Navigation to order refunds of tonnage taxes after the same have been paid into the Treasury.

SEC. 16. That sections ten and twelve of this Act shall take effect upon its passage, section fourteen in six months thereafter, and sections one, two, three, four, five, six, seven, eight, nine, eleven, thirteen, fifteen, and sixteen in one year and twenty days thereafter, and all Acts or provisions of law in conflict herewith are hereby repealed; also any and all articles or clauses in existing conventions or treaties in contravention herewith are annulled and abrogated in conformity with the stipulations of said agreements and the rights and equities of the United States, and formal notice of the Congress of the United States is hereby given that in one year from the passage of this Act all convention or treaty provisions for maritime reciprocity are receded from on the part of the United States, and all enactments therefor are by this Act repealed.

#### WAGES CANNOT BE REDUCED.

Mr. CRAMP. To resume: I think that the proposition to reduce wages in a shipyard to a parity with the foreign workmen is entirely out of the question, and it is a problem to be shunned and dropped.

Wages as they exist now and all of the conditions of trade, living, comfort, progress, and prosperity of our country are the result of the application of the principles of protection, whether they may be correct or not. Wages are higher here than elsewhere, and they have always been so, and the present conditions incident thereto have become normal fixtures in our scheme of political economy and existence. Certain conditions in wage rates may not be in accordance with the value of their product, but this should not be the subject of Congressional interference and should be left out of the question.

The most conspicuous illustration in modern times as to the benefits to be derived from a wise and strenuous administration of governmental prerogatives is found in the development of Germany under its present able ruler.

When the present Emperor became its head the war ships of Germany, as well as the ships of its great mercantile fleet, were built abroad.

That enterprising monarch from his earliest manhood had evinced a strong predilection for commercial and business pursuits, and his special ambition was directed to the expansion of Germany's foreign commerce.

#### GERMANY'S EXPERIENCE.

He at once saw that no nation which does not build its own ships can permanently hold first rank in the ocean-carrying trade, and from that moment until the present time he has bent all of the energies of his nature and all of the power of his exalted position to the promotion of German shipbuilding and of the foreign commerce of his Empire.

The result of this strong and well-defined policy was soon apparent. The Germans not only began to build their own ships, but also began to build better ships than they could buy in Great Britain, and now Germany outranks Great Britain in the North Atlantic travel in high-speed steamers.

Of course the unnecessary South African war was a prominent factor in the decline of British supremacy in the North Atlantic, as it

took the great bulk of the best British steamships for transport service during that time, and while the British were practically standing still, and therefore retrograding, the Germans went ahead with giant strides.

That is the end of the remarks as I have them here; but I should like to appear before the Commission again and say something about the late Cunard contract and what Great Britain has done to promote shipbuilding and also what the German Empire has done. I should like to have an opportunity, perhaps to-morrow, to make a further statement.

The CHAIRMAN. An opportunity will be given you to-morrow forenoon to add to your statement.

Mr. CRAMP. Very well.

### STATEMENT OF HORACE ATKINSON.

The CHAIRMAN. In addition to inquiring as to the development of the American merchant marine and American commerce, the statute imposes upon this Commission the duty of inquiring into existing laws respecting the food, treatment, and quarters of seamen in order to make as attractive as possible the seafaring calling. The Chair understands there are several seamen who wish to say a word. I will call upon Mr. Horace Atkinson.

Horace Atkinson appeared before the Commission.

The CHAIRMAN. What is your calling?

Mr. ATKINSON. Seaman.

The CHAIRMAN. Sailor?

Mr. ATKINSON. Yes, sir.

The CHAIRMAN. Are you in the service of the United States or on a foreign ship?

Mr. ATKINSON. United States for the last twenty years.

The CHAIRMAN. Have you been on ships of other nationalities?

Mr. ATKINSON. Yes; four.

The CHAIRMAN. Are you American born?

Mr. ATKINSON. No, sir.

The CHAIRMAN. What nationality are you?

Mr. ATKINSON. British; American by adoption.

The CHAIRMAN. Will you state to the Commission in your own way what your experience as a seaman has been on ships of different nationalities, and make any suggestions regarding your calling that you may see proper to submit?

### THE PORT MAKES THE WAGES.

Mr. ATKINSON. Mr. Chairman and gentlemen of the Commission, I have listened this morning to the statements of the difference between American and foreign vessels as regards wages. The port makes the wages. I care not whether it be Philadelphia, Hongkong, or the Pacific, Great Britain, or anywhere else. The port from which the men sail makes the wages. For instance, there may be four or five vessels of different nationalities lying at Point Breeze, and all those vessels are loading for Japan or the East Indies, and I may be shipped in an American vessel. Another man may go aboard a Norwegian vessel. Another may go into a German vessel, and so on.



We ship for the same rate of wages, and when we arrive there we are fired ashore.

The coastwise trade is protected, because foreign vessels can not trade coastwise, and for that reason wages are somewhat higher than in the deep-water service, and for the reason that the coasting men or the men who sail up and down the coast are free from the crimps. The crimps are a class of men who have existed from the time when Great Britain needed men for her warships and the Government paid a bounty for every man that was caught and put aboard a British man-of-war to fight. Naturally it has been handed down. The man who makes a business of shipping seamen in the foreign trade and on the coast lately, because it has been introduced on the coast, will get the men and ship them at certain rates of wages. It is generally about \$18 or \$20 in Philadelphia. Eighteen dollars the last vessel paid for the deep water. I get \$18 a month to go on that voyage. The shipowner has to pay to the crimp the same amount of wages—\$18. That makes the shipowner's wages \$36 to ship me. He gets \$18 out of me and \$18 from the shipowner.

#### THE CRIMP AND HIS WORK.

It is just the same in the coastwise trade. The gentlemen who spoke this morning said that if it was not for the union they could get men cheaper and not delay the vessel. There was a gentleman here, a magistrate for the United States, who claimed that if a sailor got advance he would skip out. The great trouble is that the seaman does not get any money—not a penny—unless he may get a dollar from the boarding master. The money is paid after his delivery aboard the vessel, and she is put to sea. Then it is paid over to the boarding master or the shipping master.

The CHAIRMAN. Let me ask you a question, so that we may all have a clear understanding of this matter. Do you mean to say that if you ship on a vessel, an American vessel, the owner of the vessel pays an equal amount to the crimp, as he is known?

Mr. ATKINSON. I do.

Senator MALLORY. Not every month?

Mr. ATKINSON. No; he pays it for the first month.

The CHAIRMAN. Why should he pay it the first month?

Mr. ATKINSON. It is done to get the men as cheap as they can.

Then in the coastwise trade the crimp will ship a crew of men for \$25. The wages generally out of this port and along the coast are \$30 in a moderate-sized vessel. Aboard a large vessel, a five or six masted schooner, it is \$35, but the crimp breaks in and ships those men for \$25, but he makes the shipowner pay \$10 or \$12 to supply these men aboard the vessel.

Representative MINOR. How comes it that the men are willing to take \$5 less a month? You say the prevailing wages are about \$30.

Mr. ATKINSON. The average wages.

Representative MINOR. How is the crimp able to ship them at \$25?

Mr. ATKINSON. When a vessel comes in a crimp goes aboard her and steals men from her to supply them to an outward-bound vessel, so that he can make money off them.

Representative MINOR. It is hard for me to understand how one man can steal another.

## DRIVING MEN AWAY.

Mr. ATKINSON. That is actually the fact. The trouble is this, that even in deep water it has been the practice until very lately, and I believe it is to-day, that if I am aboard a vessel, and I may be aboard that vessel six months, and my honest intention is to make the round voyage, but I am a married man, living in Philadelphia, and I want to go back to the United States to bring a little money home. I have got six or eight months' money coming to me, and the captain is determined to drive me away by hunger or starvation, so that I have to leave that vessel in a foreign port. That is the custom.

The CHAIRMAN. You say that is the custom?

Mr. ATKINSON. That is the custom.

The CHAIRMAN. In what way does he drive you out?

Mr. ATKINSON. By starvation; by making life so miserable aboard that vessel, and working me so hard.

The CHAIRMAN. On an American vessel?

Mr. ATKINSON. On American vessels.

The CHAIRMAN. Name any vessels where that practice has been indulged in, and it has come to your attention.

Mr. ATKINSON. The *Shenandoah*, of Bath, one of Sewall's vessels; the *Henry B. Hyde*, another.

Senator MALLORY. Give the dates of the voyages on which it occurred.

Mr. ATKINSON. It was in 1890.

Senator MALLORY. All these instances?

Mr. ATKINSON. The *Hyde*, I think, was in 1888.

The CHAIRMAN. Have you any recent instances? That was sixteen years ago.

## NEW LAW BENEFICIAL.

Mr. ATKINSON. Yes, sir. Recently, since the new law has been created, there is some difference, because of this, that before the act of December 21, 1898, any master or mate could beat a man, break his arm, knock his eye out, or do anything else, and simply say to the judge or jury: "Yes; I did it; but I did not do it with hatred, malice, or revenge." The result was that we could not get a conviction, because the statute stated that it had to be malice, hatred, or revenge to prove a case against the man.

The CHAIRMAN. Do you know of any instance where such wretched cruelties were practiced where the sailor was faultless? Would he be assaulted without any reason?

Mr. ATKINSON. A few years ago I knew of a case, a boy, a colored man, on a brig lying at Port Richmond. The boy had his hands and feet frozen. The mate abused him violently; laid hands on him and gave him corporal punishment; beat him for not working; and that case is right in the district here, where he recovered damages, and the boy was sent back to Jamaica.

The CHAIRMAN. Complaint was made?

Mr. ATKINSON. And he recovered damages.

The CHAIRMAN. In the other cases were complaints made to the United States consuls?

Mr. ATKINSON. Yes, sir.

The CHAIRMAN. But the men were dismissed?

Mr. ATKINSON. Yes, sir.

The CHAIRMAN. On what vessel are you now?

Mr. ATKINSON. I am ashore now. I am acting as agent for the Seamen's Union.

The CHAIRMAN. You are not on the sea at present?

Mr. ATKINSON. Not at present. As soon as my term is out I will go to sea again.

The CHAIRMAN. What complaints have you to make as to the treatment of seamen from 1898 or 1900 up to the present time?

A LOAD LINE AND WATCH AND WATCH.

Mr. ATKINSON. I claim, or the seamen do, that the vessels ought to have a load line, the same as there is in British vessels.

The CHAIRMAN. Known as the Plimsoll line?

Mr. ATKINSON. Yes, sir; so that the vessel may go to sea with safety. The vessel should not be loaded below a certain mark.

The CHAIRMAN. Is there anything else?

Mr. ATKINSON. And the crew aboard that vessel should have watch and watch at sea—that is, in fine weather. To-day, if I go to sea, I am kept up from 8 o'clock in the morning until 6 at night. In bad weather, perhaps at night, I have to reef down and be up all night. You understand that when bad weather comes any sailor must expect to be on deck night and day for the safety of the vessel, but in fine weather, where I am kept out of my regular watch, four on and four off—four hours on deck and four below—I have to work all the afternoon.

The CHAIRMAN. For the benefit of the landmen on this Commission, please explain to us just what you mean by watch and watch.

Mr. ATKINSON. The men aboard a vessel are divided into two parts. One part is in the port and one is the starboard watch. That is, the men are divided in half. One half are on deck four hours and the other half are supposed to be below four hours. So, when the men are sleeping down below, the other men will be at work, and they relieve each other for deck duty every four hours.

The CHAIRMAN. How many hours labor would a sailor perform in active work under those circumstances?

Mr. ATKINSON. He would perform in a deep-sea vessel, on the present day, about sixteen hours a day steady work.

The CHAIRMAN. In what respect, then, are American vessels in that regard different from those of other nations?

Mr. ATKINSON. On American vessels it is this way: You work whenever required, night or day. In vessels of other nationalities on which I have been you get watch and watch, except in bad weather, when the safety of the vessel depends upon it.

The CHAIRMAN. What vessel did you last ship on?

Mr. ATKINSON. The last vessel I was on was the *Elmer Cummings*.

The CHAIRMAN. An American vessel?

Mr. ATKINSON. Yes, sir; it belonged to Boston.

The CHAIRMAN. Why did you not ship on a foreign vessel if they have so much better conditions and better regulations?

Mr. ATKINSON. Because I am an American citizen and I want to be at home once in a while. I have a wife and family to look after.

The CHAIRMAN. There are foreign vessels, of course, which touch at this port from time to time?

Mr. ATKINSON. Yes, sir.

## HOW WAGES ARE GOVERNED.

The CHAIRMAN. Let me ask you this: You say the port makes the wages. How is it in the case of an American vessel sailing from Philadelphia for London, and an English vessel sailing from London for Philadelphia? Would the wages be substantially the same?

Mr. ATKINSON. Almost. If you take the English scale of wages, they are almost the same as the American.

The CHAIRMAN. We had testimony in New York on the part of seamen to the contrary, to the effect that the wages paid on an American vessel from an American port would be considerably in excess of the wages paid on a British vessel sailing from a British port for an American port.

Mr. ATKINSON. I can not see it. The wages on an English steamer are four pounds ten and on an American, \$25. The difference is \$2.50.

The CHAIRMAN. That is considerable in a monthly wage.

Mr. ATKINSON. It is about that. Some vessels pay five pounds ten, which would be about \$25 a month.

Senator MALLORY. There is no immovable scale in London or in New York or in Philadelphia. Wages vary according to the times?

Mr. ATKINSON. Yes.

Senator MALLORY. You may get four pounds ten from Liverpool in the month of May, and in July it may be three pounds fifteen?

Mr. ATKINSON. It would not fall that much. It might possibly be that way.

Senator MALLORY. There is no reason why wages should not change.

Mr. ATKINSON. No. There is a sliding scale.

Senator MALLORY. It is the same way in New York and Philadelphia and all Atlantic coast ports.

Mr. ATKINSON. Not in deep water, because the crimp, the man who ships me, and through whom I have to ship to get aboard a vessel—I must go by his wages.

Senator MALLORY. If there is a poor demand for sailors does he not have to ship you at a less rate than he would at another time when there is a great demand for them?

Mr. ATKINSON. No. There is a society called the Boarding House Society and they control the wages for a port.

Senator MALLORY. Is there any connection between the crimp and the boarding-house keeper?

Mr. ATKINSON. Both combine.

Senator MALLORY. Do they generally work together?

Mr. ATKINSON. They are combined, hand in glove.

Senator MALLORY. Do the crimps employ the boarding-house keepers?

Mr. ATKINSON. The crimp is the boarding-house keeper himself.

Senator MALLORY. He manages the business?

Mr. ATKINSON. He manages the business, and puts the men aboard when the vessel requires them.

The CHAIRMAN. You have sailed on British and American vessels. Have you sailed on vessels of any other nationality?

Mr. ATKINSON. Norwegian and Italian.

The CHAIRMAN. What have you to say as to the comfort of seamen on the ships of those various nationalities, and also with respect to the quality of food furnished by the different ships?

## COMPLAINT OF UNDERMANNING.

Mr. ATKINSON. The food is a little better aboard American vessels, but the work is far harder. The American vessel is undermanned.

I wish to state that to-day vessels sailing in the coastwise trade are carrying one and two men less than what they were carrying three or four years ago.

The CHAIRMAN. I want to know particularly about the matter of food. You say the food is better on an American vessel than on that of any other nationality with which you are acquainted?

Mr. ATKINSON. Yes; to a certain extent.

The CHAIRMAN. Now as to the matter of undermanning, which was called to the attention of the Commission in New York. Give us in brief precisely the situation in the several services.

Mr. ATKINSON. The competition on this coast is getting so close among the shipowners carrying freight, say coal, generally, that they will cut down the crew to save expenses. For instance, there was a vessel came here Monday without any mate. She made a trip down South to a Florida port and back again without a mate. A vessel that I was in, the *George V. Jordan*, an American vessel, carried 6 men, and that means 4 men and 1 mate.

Representative MINOR. How large is she?

Mr. ATKINSON. She is a vessel that carries about 1,150 tons. She is about 600, along about there.

Senator MALLORY. Was she a square rigger or a fore and after?

Mr. ATKINSON. A 3-masted schooner.

Senator MALLORY. Did she have a donkey engine?

Mr. ATKINSON. No, sir. She has not got one now, or the last I saw of her.

Representative MINOR. Everything is done by hand?

Mr. ATKINSON. Yes, sir.

Regarding this advance, I wish to state that the condition is so that if you want to build up the American merchant marine the only possible way that I see to do it is to do away with the advance in the foreign trade. Imprisonment follows it. To-day if I ship in a foreign-going ship, American, and I want to leave, the consul at that port has a perfect right to imprison me for attempting to leave the vessel.

## DISCHARGES IN FOREIGN PORTS.

The CHAIRMAN. You think you ought to be permitted to leave in a foreign port?

Mr. ATKINSON. Yes; because the master——

The CHAIRMAN. Do you not make a contract not to leave?

Mr. ATKINSON. Yes; but the master will always find some way to discharge me if he wants to.

The CHAIRMAN. You think the crew ought to be permitted to tie up a vessel at a foreign port by leaving in violation of their contract?

Mr. ATKINSON. There is no such thing, your honorable Commission, as tying up a vessel. There is no such thing as a vessel rotting in her own brine, because all over the world wherever a crew leaves the master can always procure another crew.

The CHAIRMAN. Waiving that, do you think you ought to have the right to violate a contract?

Mr. ATKINSON. No; but if the master has a right to discharge me, I should have the privilege of leaving the vessel.

The CHAIRMAN. He has not a right to discharge you without cause.

Mr. ATKINSON. Oh, yes; he can discharge me.

The CHAIRMAN. You would want the law changed in that respect?

Mr. ATKINSON. I should like to see the law where both parties were treated alike—where I, as an American seaman in an American vessel, can demand my discharge in any foreign port and the captain can discharge me in a foreign port even against my will.

Representative SPIGHT. What right has a master to discharge his crew without their consent?

Mr. ATKINSON. Without the men's consent?

Representative SPIGHT. Yes.

Mr. ATKINSON. They do it by starvation to save the vessel the wages—what the man has earned; to make him a deserter.

Representative SPIGHT. They compel the men to desert?

Mr. ATKINSON. They compel me to desert through starvation and through hard work. If I have five or six months' wages coming to me on a vessel it is the captain's policy to run me out, as we call it.

Representative MINOR. Our statutes provide a food schedule, and I am glad to say I helped to enact it.

Mr. ATKINSON. Yes.

Representative MINOR. All American vessels in any trade are obliged to furnish that food to you. How is it the masters can violate the law and reduce the amount of food prescribed by our law?

Mr. ATKINSON. It has been done where the master has refused to give the scale of wages when asked for.

Representative MINOR. Has action ever been taken against a master who would be so inhuman and cruel?

Mr. ATKINSON. There has been such action.

Representative MINOR. Have there been any convictions?

Mr. ATKINSON. And a conviction.

#### ATTITUDE OF CONSULS.

Senator MALLORY. Have you had any experience with our foreign consuls in matters of that kind?

Mr. ATKINSON. Referring to foreign consuls I must say this, that an American consul in any port where I have ever made a complaint has always decided with the captain and the vessel against me.

Senator MALLORY. Let me understand your proposition. It is to modify the law so that the sailor on reaching any foreign port can, if he chooses, demand and receive his discharge and his money for the time he has served, giving the master at the same time the right to discharge the crew if he desires to do so?

Mr. ATKINSON. Yes.

Senator MALLORY. Do you not think it would be better, instead of authorizing a breach of the contract, such as that would be, to enact a law so positive and stringent as to give the sailor redress immediately by the consul as a judicial officer for any abuses or any starvation that may be practiced on him by the master in order to compel him to quit the ship? Do you not think that could be done?

Mr. ATKINSON. Replying to you, honorable sir, I can only say this by past experience, that I have never seen a consul in any foreign port who would give fair, honest justice to a seaman.

Senator MALLORY. That is pretty rough on the consuls.

The CHAIRMAN. You just said that a conviction followed in one case.

Mr. ATKINSON. That was here in this city.

Senator MALLORY. In the United States.

Mr. ATKINSON. Yes.

Senator MALLORY. But he says he has never known a consul to deal fairly with a United States sailor as against the ship.

Representative MINOR. You have spoken of desertions from American ships. Is it not true that the sailors of all nations desert in about the same proportion?

#### CRIMPS STEAL SEAMEN.

Mr. ATKINSON. I must have made a mistake. I say that the crimps steal men from foreign vessels. The crimps will go down and, seeing a vessel coming here to load, the crimp will go aboard and steal the men, and nine times out of ten it is with the consent of the master who wants to get rid of those men. The only way to stop that, as I believe, is to have a law enacted making it punishable by imprisonment for any crimp or boarding-house master to steal men out of any foreign vessel. The trouble is this: If I am stolen out or leave a British vessel or any other country's vessel to-day, it costs the master, if he wants to arrest me and take me back and put me aboard that vessel, just about \$26 for expenses. It costs that to arrest me and keep me in jail and put me aboard when required. The master of the vessel does not want to go to that expense. He can not afford it.

The CHAIRMAN. What are your duties now?

Mr. ATKINSON. My duties? I am agent of the seamen's union.

The CHAIRMAN. You are looking after their interests?

Mr. ATKINSON. Yes, sir.

The CHAIRMAN. Are you receiving a salary from the union?

Mr. ATKINSON. From the seamen's union.

Representative MINOR. Do you permit nonunion crews to ship aboard vessels without interruption or interference?

Mr. ATKINSON. We certainly do. We make no distinction. We only request men, white or black, and the most of the colored men belong to the organization. We do not restrict them in a crew, but undoubtedly in times when men are scarce, we will suppose there are two union men aboard a vessel, and that vessel wants four men. That is, she carries four men; she wants two more. I can not prevent the other men from going aboard and saying, "we will not sail with non-union men." If those men will join the union, the union men will go. If they do not join, we will not go aboard ship. And I have a right to do that.

#### HOW TO CURE THE CRIMP EVIL.

Representatives SPIGHT. Have you any suggestions to offer which would tend to abate or modify the evil resulting from crimps?

Mr. ATKINSON. Only make it an offense for a crimp to steal men from vessels. Pass a Federal law, and have that man arrested, and have it so that the sailor can be taken aboard the same vessel that he left at the expense of the United States.

Representative SPIGHT. We have often heard before committees of Congress of the evils of the crimp system, and yet I have never heard any suggestion that furnished an effective remedy.

Mr. ATKINSON. That is the only way I know, because, you understand, if you take the power from the crimp of stealing men and stopping this payment of advance wages, then you take his livelihood away from him, but so long as you permit the allotment of wages or the advance of wages to a seaman, then it is impossible, because that is the only thing that he can thrive on.

Senator MALLORY. What did you say is your present official capacity?

Mr. ATKINSON. Agent of the seamen's union for the port of Philadelphia.

Senator MALLORY. Can you tell us what the sentiment of the sailors is on the subject of this recently enacted law, now in force, prohibiting advance to sailors? Do they want it to remain in force, or do they favor its repeal?

Mr. ATKINSON. We certainly want it in force, and I can guarantee your honorable committee that to-day a petition of 5,000 men could be got out of this port asking and praying for the reenactment of advances.

Senator MALLORY. What do you mean—"the reenactment of advances?"

Mr. ATKINSON. We do not want it.

Senator MALLORY. You want the law to stand as it is to-day?

Mr. ATKINSON. We want it to stand as it is to-day.

Senator MALLORY. Still a great many petitions were sent to Congress asking for the repeal of the law.

Mr. ATKINSON. Those were from shipowners, so that they could get the men, by the help of the crimps, and reduce American wages.

#### STATEMENT OF ALONZO RICHARDS.

Alonzo Richards appeared before the Commission.

The CHAIRMAN. Are you a seaman?

Mr. RICHARDS. Yes, sir.

The CHAIRMAN. Are you at present in the service?

Mr. RICHARDS. I am working ashore at present. I have been at sea for the last sixteen years.

The CHAIRMAN. On vessels of what nationalities?

Mr. RICHARDS. American, English, and Norwegian.

The CHAIRMAN. What have you to say as to the relative desirability of service in vessels of those three nationalities?

Mr. RICHARDS. I should say that the relationship between the American shipowners and masters and the seamen can be ameliorated only by abolishing the crimp. The crimp is a menace in every way, shape, and form. They violate the statutes here in the city a great many times. An American seaman may to-day go down along the docks, and may be fully convinced of the fact that a vessel needs a crew. He has a discharge to prove his ability and conduct. He speaks to the captain or the mate, as the case may be, and they always refer him to the crimp. They themselves want a crew, but they will not employ the man and do business individually. Sailors have to have employment through this crimp, and there is a rake-off, and nine times out of ten the sailor is the victim.

Representative SPIGHT. How can we abolish the crimp unless you quit dealing with him?



Mr. RICHARDS. We will have to get assistance from the masters of the vessels.

Representative SPIGHT. I should like to hear some method suggested to get rid of the crimp.

Mr. RICHARDS. Through the passage of a law. That is the only way I know of. The seamen have done all they possibly could.

The CHAIRMAN. Which service have you found to conduce most largely to the comfort and welfare of the seamen—the American, the English, or the Norwegian?

Mr. RICHARDS. I should say that a man is more comfortable on board a Norwegian vessel than on any I have ever been on. He does get less wages.

The CHAIRMAN. Does he get as good food as on an American vessel?

Mr. RICHARDS. Not as wholesome food, but he gets enough, such as it is, and does not work any too hard.

The CHAIRMAN. In what respects then is he better off? You say he does not fare so well so far as food is concerned.

#### MORE LEISURE ON NORWEGIAN VESSELS.

Mr. RICHARDS. He has more leisure time, and the vessels are better manned. In maneuvering a ship, it does not require both watches to do it. One watch can do it, unless they have excessively bad weather.

The CHAIRMAN. Then the American vessels are not manned so completely as are those of other nationalities?

Mr. RICHARDS. No, sir; by no degree. I firmly believe that one-half the disasters on this coast are due not only to the lack of men, but the inefficiency of the men.

The CHAIRMAN. Has that been true during your sixteen years' service?

Mr. RICHARDS. Yes, sir; I always found it, and I find it is growing worse. There are vessels that do not carry as many men to-day as they did two years ago.

The CHAIRMAN. What else have you to say, in connection with your life as a seaman, which would be of interest to the Commission?

Mr. RICHARDS. I was in the schooner *Alice Archer* in February, 1902. We had a little trouble on our way down to Jacksonville. The deck load shifted. We blew away our sails at first, and the vessel started leaking. The crew did all they could to keep the vessel free, but in order to attend to the sails it was necessary to leave the pumps. Then the vessel made water. When we came back to the pumps she had made so much water that we had to leave her, and she went down. She would not have gone down if she had been properly manned.

Representative SPIGHT. Are you a member of the seamen's union?

Mr. RICHARDS. Yes, sir.

Senator MALLORY. What was the tonnage of the *Alice Archer*?

Mr. RICHARDS. I could not say. She was a four-masted schooner.

Senator MALLORY. How many men did she have?

Mr. RICHARDS. Four men before the mast.

Senator MALLORY. And a cook?

Mr. RICHARDS. And a cook.

Senator MALLORY. And a second mate?

Mr. RICHARDS. Yes, sir.

The CHAIRMAN. How many more men would have been required to man her properly, according to your standard?

Mr. RICHARDS. I should say two more.

Representative SPIGHT. What is your nationality? Where were you born?

Mr. RICHARDS. I am British born; British West Indies.

Representative SPIGHT. You are not an African?

Mr. RICHARDS. No, sir.

Representative SPIGHT. Your face does not look like that of an African.

Senator MALLORY. Have you been naturalized?

Mr. RICHARDS. No, sir.

Senator MALLORY. Have you declared your intention?

Mr. RICHARDS. No, sir.

Senator MALLORY. When you ship, do you ship before a shipping commissioner? First let me ask you, are you shipping in the coastwise trade now?

Mr. RICHARDS. Yes, sir.

Senator MALLORY. When you ship, do you ship before an American shipping commissioner?

Mr. RICHARDS. Yes, sir.

Senator MALLORY. Always?

Mr. RICHARDS. Yes, sir; do not ship anywhere else.

#### CRIMPS IN COASTWISE TRADE.

Senator MALLORY. Does the crimp come in the coastwise trade?

Mr. RICHARDS. The crimp does not operate so strongly in the coastwise trade.

Senator MALLORY. Does he operate at all there?

Mr. RICHARDS. Yes, sir.

Senator MALLORY. How?

Mr. RICHARDS. To a great extent.

Senator MALLORY. Where does he get the money?

Mr. RICHARDS. From the owner or captain; indirectly from the sailor.

Senator MALLORY. Then, the captain of the ship pays the crimp contrary to the law?

Mr. RICHARDS. Yes, sir.

Senator MALLORY. And deducts it from your pay?

Mr. RICHARDS. Yes, sir.

#### A CHARGE OF NEGLECT OF DUTY.

Senator MALLORY. Have you ever undertaken to collect that amount from the captain when you came back at the end of your voyage?

Mr. RICHARDS. No, sir. I can cite an instance that happened here about a couple of months ago, in the case of the schooner *Samuel W. Hathaway*. The schooner shipped a crew from Norfolk, Va., down to some part of Porto Rico, and the master of that vessel paid advance, not to the men, but to some crimp in Norfolk, without the consent of the men. When the men made the voyage and came back here to the United States shipping commissioner to be paid off this money was to be deducted. The men refused to pay this amount of money. The matter was taken before the United States commissioner in this city, at Ninth and Chestnut here; and to have further proof, they wired to

Norfolk to a delegate of the union down there, to prove that the captain did pay this money before the voyage began. But the United States shipping commissioner did not give the men any redress at all; claimed the story was well composed, and they were a lot of sea lawyers. The money was taken out of the men's wages and he compelled them to pay it. They never got the benefit of it.

Senator MALLORY. Do you know the name of that commissioner?

• Mr. RICHARDS. No, sir; I could not say.

Senator MALLORY. Where was it you say that this was investigated?

Mr. RICHARDS. Here in the city.

Senator MALLORY. But you gave the location.

Mr. RICHARDS. Ninth and Chestnut streets.

Senator MALLORY. When was that?

Mr. RICHARDS. I could not say as to the exact day.

Senator MALLORY. About how many months ago?

Mr. RICHARDS. Not more than two months ago.

Senator MALLORY. What was the name of the vessel?

Mr. RICHARDS. The schooner *Samuel W. Hathaway*.

Senator MALLORY. What was the name of the man who made the case?

Mr. RICHARDS. One was named Isaac Anderson, another Samuel Lockly or Henry Lockly; another Alfred Jones; the other I can not remember.

Senator MALLORY. Were you one of the crew?

Mr. RICHARDS. No, sir; I was not one of the crew, but I was here at the time the men were getting paid off.

Senator PENROSE. What vessel are you on now?

Mr. RICHARDS. Not any.

Senator PENROSE. What are you doing now?

Mr. RICHARDS. Working for the union.

Senator PENROSE. Are better wages paid on American vessels than on vessels of other nationalities?

• Mr. RICHARDS. Not in the same trade. What I mean by that is that American foreign vessels pay about as good as English foreign vessels and better in the American coastwise trade than in the English coastwise.

The CHAIRMAN. How many union agents are there in Philadelphia?

Mr. RICHARDS. Only one.

The CHAIRMAN. The man who spoke just before you did said he was an agent of the union, and you are an agent.

Mr. RICHARDS. No, sir.

Senator PENROSE. Where were you born?

Mr. RICHARDS. In the British West Indies.

Representative SPIGHT. You say you are not an agent of the union?

Mr. RICHARDS. No, sir.

Representative SPIGHT. What are you?

Mr. RICHARDS. I am a delegate.

Representative SPIGHT. What do you do?

Mr. RICHARDS. I go around and organize the men, and procure men for vessels when I get the opportunity without any fee whatever.

Representative SPIGHT. Have you any connection with the crimps you spoke of?

Mr. RICHARDS. I am in opposition to them, and they are opposed to me.

## TWO COMMISSIONERS ACCUSED.

Senator MALLORY. You say that the crew you have referred to went before a commissioner. Was it a United States court commissioner or a United States shipping commissioner?

Mr. RICHARDS. They went before the United States shipping commissioner first.

Senator MALLORY. Did they go before a United States court commissioner?

Mr. RICHARDS. Yes, sir; afterwards.

Senator MALLORY. And both of the commissioners treated them the same?

Mr. RICHARDS. Yes, sir.

The CHAIRMAN. Could you ascertain the names of those commissioners in order that they might be summoned by this Commission?

Mr. RICHARDS. No, sir; I could not.

The CHAIRMAN. The Commission will try to ascertain their names.

Mr. HORACE ATKINSON. I can give you the name of that commissioner.

The CHAIRMAN. I wish you would give us his name.

Mr. ATKINSON. Commissioner Craig, clerk of the United States district court, Philadelphia. The shipping commissioner's name is Knight.

Senator PENROSE. William R. Knight.

The CHAIRMAN. Will you gentlemen be here to-morrow in the forenoon?

Mr. ATKINSON. I will, if you want me to be here.

The CHAIRMAN. I think you would better be here to-morrow morning. (See Mr. Richards's statement made on the following day.)

## STATEMENT OF WILLIAM ROBERTSON.

William Robertson appeared before the Commission.

The CHAIRMAN. What is your business?

Mr. ROBERTSON. I am a marine fireman.

The CHAIRMAN. Are you now in active service?

Mr. ROBERTSON. I have not been for the last year.

The CHAIRMAN. What is your present business?

Mr. ROBERTSON. Agent for the Marine Firemen's Union of Philadelphia.

The CHAIRMAN. What is the Marine Firemen's Union, if you please?

Mr. ROBERTSON. It is an organization composed of all the firemen going to sea on steamships.

The CHAIRMAN. What have you to say in regard to the inquiry we are prosecuting here?

Mr. ROBERTSON. I would say in regard to the conditions aboard American vessels alongside of English or Norwegian, and I have been on all of them, that the conditions of the firemen aboard those steamers are a good deal worse than what they are on either of the foreign vessels.

The CHAIRMAN. Have you served on vessels of different nationalities?

Mr. ROBERTSON. Yes, sir; I have been on Norwegian tramps and English steamers and I have been on American steamers.

The CHAIRMAN. Where were you born?

Mr. ROBERTSON. In Scotland.

The CHAIRMAN. Are you an American citizen?

Mr. ROBERTSON. No, sir.

The CHAIRMAN. When did you last serve on a United States vessel?

Mr. ROBERTSON. About fourteen months ago.

The CHAIRMAN. Had you previously served on a United States vessel?

Mr. ROBERTSON. Yes, sir.

The CHAIRMAN. Between those two services had you been on vessels of other nationalities?

Mr. ROBERTSON. Yes, sir.

The CHAIRMAN. If conditions are so bad on United States vessels why did you return to the service?

#### WAGES BEST ON AMERICAN VESSELS.

Mr. ROBERTSON. Because the wages are better on American vessels. Therefore to pay and defray the expenses of a family ashore a man undergoes a good deal of hardship for the sake of getting the few extra dollars.

The CHAIRMAN. What about the fare and food?

Mr. ROBERTSON. The food on an American vessel is better.

The CHAIRMAN. It is better?

Mr. ROBERTSON. It is better.

The CHAIRMAN. What are your grievances, if you have any? I do not know that you appeared to state any grievances, but what have you to say to the Commission that will give us light on this important subject?

Mr. ROBERTSON. I would say that on American vessels there should be more men in the fireroom, because a man is taxed to his fullest capacity when he is down below, and if he happens to be taken sick the other man has to do his work. Therefore a man is doing eight hours' work and gets about four hours' sleep, and if he has to go back and do eight hours' more in the fireroom it is pretty hard work.

The CHAIRMAN. How about vessels of other nationalities?

Mr. ROBERTSON. The men are not pushed so hard and the work is not half so hard.

The CHAIRMAN. Have they more men in the fireroom?

Mr. ROBERTSON. Yes, sir; according to tonnage.

The CHAIRMAN. How many more?

#### MORE FIREMEN ON FOREIGN SHIPS.

Mr. ROBERTSON. Well, from one to two; and on foreign vessels they always carry what they call a day man; that is, a man who works in the engine room, and in case a fireman gets sick he goes in and takes that man's place, and that saves the men from doubling up. On an American vessel there is no such thing.

Representative MINOR. What have you been firing?

Mr. ROBERTSON. I have been with different companies—American vessels.

Representative MINOR. Sailing across the sea?

Mr. ROBERTSON. Yes, sir; I have been across the western ocean.

Representative MINOR. Have you been engaged on tugs?

Mr. ROBERTSON. I have been on tugs and steamers, and trans-Atlantic steamers.

Representative MINOR. How many firemen do they carry on a steamer engaged in the foreign trade that carries 3,000 tons?

Mr. ROBERTSON. Carrying 3,000 tons?

Representative MINOR. Understand me. Take a steamer making about 11 knots an hour. Not one of these fast boats, but one of ordinary speed.

Mr. ROBERTSON. Nine men.

Representative MINOR. How many watches?

Mr. ROBERTSON. Three watches.

Representative MINOR. Three on a watch?

Mr. ROBERTSON. Three on a watch.

Representative MINOR. How many tons of coal would those nine men handle each day?

Mr. ROBERTSON. On a steamer going at that rate she would burn about 35 to 40 tons.

Representative MINOR. During the twenty-four hours?

Mr. ROBERTSON. Yes, sir.

Representative MINOR. Nine men in twenty-four hours would handle about 40 tons?

Mr. ROBERTSON. Yes, sir.

#### FIVE TONS A DAY.

Representative MINOR. Less than 5 tons to a man for twenty-four hours?

Mr. ROBERTSON. Yes, sir.

Representative MINOR. Do you really regard that as a hardship?

Mr. ROBERTSON. Take cleaning fires and the other work he has to do.

Representative MINOR. I can understand that on a ship of very high speed, making 15 or 20 knots, nine men could not do the work, but I am calling your attention to a slow vessel—a vessel making 11 knots.

Mr. ROBERTSON. Yes, sir.

Representative MINOR. That is about the usual speed of an ordinary freighter. Now, in the country I come from we would regard that as a very light job—what the boys up there would call a “soft snap.” How many men would a foreign ship of the same type and same speed employ in the fireroom?

Mr. ROBERTSON. I gave you the answer for the foreign vessel.

Representative MINOR. I meant for the American vessel.

Mr. ROBERTSON. I gave you the answer for a foreign vessel.

Representative MINOR. How many would an American vessel carry?

Mr. ROBERTSON. An American vessel will carry from six to eight.

Representative MINOR. From six to eight?

Mr. ROBERTSON. Yes, sir.

Representative MINOR. Two on part of the watches and three on the other watches?

Mr. ROBERTSON. Yes, sir.

Representative MINOR. How about coal passing?

Mr. ROBERTSON. On American vessels, six hours for coal passing.

Representative MINOR. How many men are engaged in passing coal?

Mr. ROBERTSON. No matter how many men. The men do six-hour watches on the American vessel. On an English vessel they do not do any such thing. The coal passer has the same hours the fireman has.

Representative HUMPHREY. I understood you to say that you engaged on an American vessel because it paid better wages.

Mr. ROBERTSON. Yes, sir.

Representative HUMPHREY. Does the American vessel pay better wages when engaged in the same trade as the English or the Norwegian or the German vessel.

Mr. ROBERTSON. Yes, sir.

Representative HUMPHREY. Then you do not agree with the gentlemen who were before us here in the statement that the port fixes the wages. Is that your experience?

Mr. ROBERTSON. The sailor's grievance is altogether different from the fireman's.

Representative HUMPHREY. With respect to firemen, then, the port does not fix the wages?

Mr. ROBERTSON. Oh, yes.

Representative HUMPHREY. Does the American vessel pay the same rate of wages that the foreign vessel engaged in the same trade pays?

Mr. ROBERTSON. No; an American vessel will always pay more.

Representative HUMPHREY. Then the flag has something to do with fixing the wages as well as the port, so far as firemen are concerned?

Mr. ROBERTSON. Sir?

Representative HUMPHREY. The flag under which a vessel sails has something to do with fixing the wages, as well as the port?

Mr. ROBERTSON. Yes, sir.

Representative HUMPHREY. And a fireman on an American vessel is paid more?

Mr. ROBERTSON. Yes, sir. A fireman on an American vessel gets more wages than on a foreign vessel.

Senator MALLORY. I should like to ask you a question. How do the firemen ship; through what instrumentality do they as a rule ship? Take a fireman who belongs to the union. He wants a berth aboard a ship. What does he do?

Mr. ROBERTSON. He will go aboard the vessel, and he will ask the engineer for a job. The engineer will refer him to his favorite shipping master or his favorite middleman. That man goes and sees this man, and he is generally asked, "how much is the job worth?"

Senator MALLORY. What is the question?

Mr. ROBERTSON. "How much is the job worth?" The engineer has not got the actual nerve to tell the man straight out that he wants so much for the job, but he has this other man to do the dirty work, and they halve the money up between them. That is the actual fact.

Senator MALLORY. Is there the same system in the matter of advance to firemen as in the case of seamen?

Mr. ROBERTSON. Yes, sir; much on the same lines.

#### BRINGING CREWS FROM ABROAD.

There is another thing I should like to say to the Commission. A good many foreign vessels, such as the Norwegian and the English, come here, and the crimps steal all of the men out of those boats, which came over here probably on a year's charter or two year's

charter. The men were shipped on the other side, and they come over here and are taken out by the crimps. Then the captain or the owners send over to the other side and ship a whole crew, and they are brought right here and put right aboard those vessels, and we are kept out of jobs.

Senator PENROSE. Has your union ever suggested or recommended any remedy for some of the abuses you have referred to?

Mr. ROBERTSON. No, sir. I can not quite understand you. I am very dumb.

Senator PENROSE. You never got so far as to recommend any legislation as a remedy for the crimp abuse?

Mr. ROBERTSON. Yes, sir. Our international union has a representative at Washington once in a while. He is there, and he does the best he can.

Senator PENROSE. I know you have your representatives, but I did not recall that they had ever recommended any remedy for some of the matters which have been raised before the Commission.

Mr. ROBERTSON. Those are things that we of late have been taking notice of. We do not quite tumble to everything at once.

#### STATEMENT OF P. D. TODD.

P. D. Todd appeared before the Commission.

The CHAIRMAN. In what business are you engaged at the present time, Mr. Todd?

Mr. TODD. I am resident agent in this city for the Allan Steamship line.

The CHAIRMAN. Will you excuse me if I ask you whether you are an American citizen?

Mr. TODD. No, sir; I am a Scotchman by birth, and a foreigner at the present time. I have applied for papers.

The CHAIRMAN. You represent this foreign steamship company?

Mr. TODD. A foreign corporation.

The CHAIRMAN. The Commission will be pleased to hear from you.

Mr. TODD. I may be permitted to premise my remarks on the subject under discussion by stating that while I am the resident agent in this city of the Allan Line Steamship Company, a British corporation owning and operating several lines of steamships between Great Britain, United States, and Canadian and South American ports, I appear before you to-day solely as the interpreter of my own ideas on this question, and not in a representative capacity. Upon the understanding that the inquiry of your Commission covers broad ground and is intended to embrace all shades of opinion on the matter under discussion, and to evolve therefrom a report to Congress, I take advantage of the opportunity to express myself in a way that may be deemed somewhat unorthodox.

It appears to me that the statement made by the Hon. Mr. Knapp at the hearing in New York last week on freight differentials, in which he defined the bounds of the inquiry before the Interstate Commerce Commission to be the ascertaining of the effect of differentials on the carriers, on the ports, and on the public, might be used, with a slightly paraphrased reading, to indicate the limits of discussion before your honorable body.



As I understand it the parties interested in the inquiry are the American shipbuilder, the American shipowner, and the American public (the latter including the importer and exporter), and that, therefore, the decadence and attempted revival of the merchant marine must be discussed from these points of view.

#### A BRITISH STEAMSHIP AGENT'S VIEW.

The decadence of the shipping industry of the United States is not in my estimation so much due to the fact of legislative neglect (as is sought to be proven by the advocates of ship subsidies) discriminating duties, or other governmental panaceas, as to the fundamental fact that the American citizen has found other and more profitable outlets for his energy, enterprise, and capital, and has gradually withdrawn from a business the profits in which have been steadily diminishing within the past twenty-five years, and were always of a precarious nature. That this condition of affairs can be improved upon or even regulated to the public benefit by legislative interference is doubtful.

What the advocates of relief apparently desire, is:

First. Government aid in the way of bounty to enable ships to be built.

Second. Assistance by restrictive or discriminating duties to practically shut out foreign competition in the ocean carriage.

Third. Government pay (on a very liberal basis) for the carriage of mails, or other services that may be required by the Government from the American merchant marine.

Those statements I took from the testimony of Mr. Clyde as given before your honorable body in New York.

The necessity for a government bounty in connection with the construction of ships in American yards is stated to be the added cost of material and wages. Mr. Orcutt claimed the constructive cost of ships in American yards to be 50 per cent higher than that for similar types built in Great Britain. Mr. Hill says that his two recent experiments in building the largest and finest vessels ever constructed cost 25 to 30 per cent over what they might have been built for abroad.

Mr. May to-day, before your commission, stated as his opinion that an American-built ship costs about 40 per cent more than a like type of British-built vessel.

It has also been stated that between the price of material furnished to American shipbuilders and the same class of goods exported abroad there was a very large difference in favor of the exported article. It seems to me that this anomalous condition might be readily adjusted by the abolition of the tariff on such articles as might be imported and used in ship construction.

The CHAIRMAN. Will you repeat the last sentence, please?

Mr. TODD. It seems to me that this anomalous condition as between the price of American material used in the construction of American ships on this side and similar material exported abroad might be readily adjusted by the abolition of the tariff on such articles. There is a difference in favor of the exported article.

The CHAIRMAN. Under our existing law all material entering into deep-sea ships is admitted into our American markets practically free of duty.

Senator MALLORY. There is a rebate of the duty.

Mr. TODD. I was not aware of that. I can tell you that our friends, the New York Shipbuilding Company, in the latter part of 1902 imported from Great Britain, coming in on our line, I believe for the construction of the two boats that were referred to to-day, the *Mon-golia* and the *Manchuria*, although I am not positive on that point, some 1,500 tons of structural material.

#### MATERIAL FREE OF DUTY.

The CHAIRMAN. They did not pay a single dollar of duty on that material.

Mr. TODD. So much the better.

Senator MALLORY. They paid the duty, but it was rebated.

The CHAIRMAN. It is substantially the same thing.

Mr. TODD. But the point I should like to make is that there is such a difference between the price of material for export and the material that is used for home consumption. Of course, I am not speaking by the book now. But whether the importation of this material for those two vessels was in a general way due to the fact that the iron industry here was so congested with orders that they could not supply the material, or whether the shipbuilding company got it cheaper abroad, is not for me to say.

Mr. DE COURCY MAY. Will you permit me to say a word?

The CHAIRMAN. Certainly.

Mr. MAY. None of that material was used in the construction of deep-water vessels. It was used for the construction of two oil-tank steamers that we built. Practically all the material in those tankers was imported, and of course the duty was paid. No foreign steel, except, I think, seven deck beams, was used in these ships that go in deep water, and those beams were part of the material left over from the construction of the tank ships. But the duty has been paid on all that material.

Our reason for getting it abroad was because we could get the steel in time, and it cost us about \$3 a ton over and above what it would have cost in this country. That is due to lighterage, to the expense of handling, and also the fact that all the shapes had to be straightened after they were transported.

The CHAIRMAN. Mr. May, in order that there may be no misunderstanding on the subject, am I right in assuming that if you had used that steel or other foreign material in the construction of the *Man-churia*, you would have got a rebate of the duty which you paid?

Mr. MAY. Ten dollars a ton—less, of course, the \$3 which it cost us to handle it; about \$7 a ton.

The CHAIRMAN. Precisely.

Mr. TODD. I stand corrected, Mr. Chairman.

So far as wages are concerned it has always been contended that the superior skill and large output of the American mechanic in comparison with his foreign brother offset the lower wage list of the latter, and it is up to the American mechanic to make good this boast. A bonus or bounty would not, I am sure, result in any permanent good in this connection. There may be a good deal of truth in the allegation that under recent combinations and consolidations of the shipbuilding industry of the United States extreme valuations have been

placed on the individual plants of the amalgamated concerns, and fixed interest has to be paid upon these inflated valuations before dividends can be declared. May not this in part account for the high constructive cost of American-built ships?

#### FAVORS "FREE CREWS" AND "FREE SHIPS."

The cost of operation, particularly in regard to wages of crew, has been insisted upon as a reason why a tonnage subsidy or bounty should be granted to vessels built in the United States and flying the American flag. Could not this condition be readily rectified by allowing the American shipowner the freedom to secure his crews unrestricted by the question of nationality? If the native-born or naturalized citizen can find better or more remunerative employment for his talents and energy than in going to sea, then give those who are willing and ready to take his place an opportunity to do so, and eventually make of them good American citizens.

Another and it seems to me a reasonable and effective way of reestablishing and maintaining the supremacy of the American merchant marine would be to grant to American capital the right to seek outlet and make investment in foreign-built vessels, with permission, under certain restrictions, for same to fly the American flag, confining, if necessary, the functions of such vessels to the carriage of merchant traffic upon the high seas.

#### FEARFUL OF DISCRIMINATING DUTIES.

The question of discriminating duties is one which will not, in my opinion, appeal to the sense of justice of anyone engaged in the import and export trade of this country. The adoption of such a principle would act as a restraint to commerce, would savor of class legislation (where the few would be favored at the expense of the many), and would assuredly lead to retaliation on the part of those countries whose fleets were thus discriminated against. The hitherto unrestricted competition which has prevailed in the matter of carriage to and from American ports has been instrumental in the development of the resources and strength of this country along lines which were not dreamed of fifty years ago, and I believe still further progress would be made in this direction were the tariff bars lowered or removed altogether. This may seem like a heretical utterance in view of the political complexion of the powers that be, but I am satisfied that without handicaps American pluck and enterprise could compete on equal terms with the commercial activities of any other nation, that it does not require strengthening from the Government pap bottle, and I can not conceive why the American public should be called upon to contribute to the support of special lines of industry to the exclusion of others equally deserving of recognition.

The CHAIRMAN. If your theory were carried out, what do you think would become of American labor? Would it not sink to the level of European or Asiatic labor if the tariff bars were entirely thrown down, as you suggest?

Mr. TODD. I think the American mechanic is without a peer, and that American ingenuity would take the chance as it did in days gone

by to establish itself. I do not mean to say for a moment that it is prudent possibly to remove the restrictions entirely, but at least they might be in part removed.

The CHAIRMAN. Excuse me for interrupting you.

Mr. TODD. Certainly.

#### OBJECTS TO SUBSIDIES.

As regards subsidies, much has been said on this subject before the Commission. Objection has been taken to the term, but "a rose by any other name would smell as sweet," and whether we call it compensation or subsidy or bounty the principle remains unchanged. Great Britain is freely quoted as an example of a subsidized merchant marine. Let me say, however, that I think it can be proven that the British Government makes no contract for payment of subsidy for carriage of mails except in return for value received, and the conditions, stipulations, and penalties are so onerous that it is doubtful whether lines so aided are in the end greatly benefited financially by the carriage of His Majesty's mails. I am of opinion that a somewhat similar arrangement at present exists in regard to the carriage of United States mails.

The CHAIRMAN. Could you give us the amount paid by Great Britain to any given line?

Mr. TODD. No, sir; I have no figures at my command at the moment, but I may state to you, as an incident in this connection, that in 1897, I think it was, the Canadian government and the British Government jointly entered into a contract to secure the establishment of a fast Canadian mail service. Under the conditions that were imposed, a regulated speed was required of those vessels, and a very large subsidy was offered. The penalties exacted were to the effect that a per diem charge would be exacted for the failure of the ship to sail on an appointed day, that hourly penalties would be exacted if she did not sail on the hour, and that the speed of those ships was to be maintained at a minimum of 20 knots for the round voyage, without any exception on account of weather conditions.

A firm of shipowners who were well established in the over-sea trade accepted the contract, but when they came to float their venture they found that the investing public would have none of it, because it was proved that the conditions were incapable of being fulfilled. I say that the British Government, in consideration for subsidies, insists on receiving full service for what it may expend.

#### ALLAN LINE LONG SUBSIDIZED.

The CHAIRMAN. Let me ask you a practical question: Does the Allan Steamship Line receive a subvention?

Mr. TODD. For many years we were the only line that ran between Great Britain and Canada. We were the pioneers in that business. We received a postal subvention and held it for a great many years. In the course of time, within the last twenty years I should say, competition was inaugurated, and we have been under the necessity of tendering for this business as between ourselves and our competitors, and sometimes the Allan Line has received the subsidy and at the other times the other companies have. These subsidies have been very

largely and materially reduced in point of value, and except that there is a pride in the fact that the line which carries the mail is the Royal mail line, as they call it, there is not a great deal of money value in the subsidy at present to the line that carries the mail.

The CHAIRMAN. Do you get a subvention at the present time?

Mr. TODD. I am not sure whether we have the contract for the mails or whether some other company has, but there is a condition attached to the subvention by which the ships carrying the mails are under agreement with the Government to carry a certain number of passengers, which they call warrant passengers, at a fixed maximum rate.

I do not think, sir, that I have anything further to say, except that in my opinion a business-like arrangement on somewhat similar lines to the British arrangement might, without great impropriety, be carried on as between the United States and its American lines. I believe there is some such arrangement in effect to-day.

#### NATIONAL AID WOULD HURT BRITISH SHIPPING.

The CHAIRMAN. I should like to ask you whether or not you think the rehabilitation of the American merchant marine by legislation would injure your business and that of your principals?

Mr. TODD. It would depend, sir, altogether on how it was accomplished.

The CHAIRMAN. We will say by a subsidy, although this Commission is not committed at all to that form of legislation.

Mr. TODD. How far, if you will excuse me for asking a question in return, for I want to be clear on the subject, would it be permitted that the subsidy should reach? Would it be a subsidy bounty on the ship, as has been stated to-day, or a payment by the Government for value received?

The CHAIRMAN. I will ask you a more direct question, then.

Mr. TODD. Very well.

The CHAIRMAN. Did the steamship line which you represent take any hand in trying to defeat the so-called ship subsidy bill in the last Congress?

Mr. TODD. I do not think so, sir; not to my knowledge.

The CHAIRMAN. You have not any information on that subject?

Mr. TODD. No, sir.

The CHAIRMAN. You are familiar with that bill, I suppose?

Mr. TODD. Yes, sir.

The CHAIRMAN. What would you say in regard to it so far as the interests of the line you represent are concerned?

Mr. TODD. I do not know that I am here to speak in the direct interest of the line I represent, but it seemed to me at the time that it savored of class legislation; that a few would be benefited at the expense of the many.

The CHAIRMAN. Waiving that point, what then? We would be responsible for that.

Mr. TODD. Certainly; I am quite aware of that. I do not want to dictate to the Commission or to the United States what they shall do in this matter. Far from it. I am here by invitation to state my views. I have an idea that it would have a restrictive influence on foreign competition.

The CHAIRMAN. I have no further questions.

Senator MALLORY. Do you not think that if that bill had been passed few fast lines would have got the benefit of a big part of the subsidy?

Mr. TODD. Yes, sir; I do indeed. That was the intent of it, I am sure.

Senator MALLORY. Do you not think that the American Line would have got more than anybody else at the start?

Mr. TODD. As the American Line is really the only line, with the exception of lines on the Pacific coast, that is thoroughly American in its nationality, I think it is about the only one that would have been benefited by the subvention.

Senator MALLORY. I think that was demonstrated.

#### STATEMENT OF LEWIS M. HAUPT.

The CHAIRMAN. Prof. Lewis M. Haupt has left a paper with me, and I will ask the secretary of the Commission to read it. Professor Haupt is known as one of the great engineers of the country.

The secretary read as follows:

Mr. CHAIRMAN: Although my attention has been directed mainly to the improvement of channels for large vessels, it is of no less importance that this country should own and control the ships which carry her traffic to foreign markets.

The decrease in the tonnage carried in American bottoms since the civil war is so well known and the agitation to improve the conditions so futile that it is evident something more than discussion is required to bring about results and that the principal obstacle to the rehabilitation of our commerce must come from remedial legislation.

Our navigation laws, judging from their effects, would seem to have been framed to prevent Americans from competing with the ocean carriers of foreign nations, since they prohibit us from taking advantage of the cheapest markets for ships and the economies necessary to their successful operation.

It is purely a business question, and while the fiction of protection to the American shipbuilder remains there seems to be no relief save the granting of such bounties or subsidies as will more than offset those which are granted by the free-ship countries.

Protection operates well for certain industries within our borders, but when it comes to the ocean carrying trade, in competition with other nations capable of building and especially of manning and operating ships more cheaply than we can do, it seems useless to handicap our merchant marine by restrictions which prohibit the investment of capital in this class of carriers.

Success in a business venture is not to be expected when the plant proposed to be erected is found to cost more to install and maintain than the large and powerful ones already in existence and which control the markets. This is about the condition which confronts us, and unless we are permitted to purchase our plant in the open market and to equip it with the best and cheapest mariners which the world affords, and also to meet the subsidies which are voted to foreign vessels for services rendered in distributing the exports of those countries our competitors, and in providing their manufactures with cheap raw material, there would seem to be no place for our American-built ships in the carrying trade of the world. We must meet these conditions

or go out of business and pay the freight bills to foreign nations, amounting to nearly \$200,000,000 annually.

The remedy seems plain. We can undoubtedly build as cheaply as any country if the restrictions be removed. We should, however, be permitted to buy our ocean carriers in any market, equip them from any country, and enter them under American registry with such premiums, subsidies, or bounties as would maintain them until the trade is recovered, just as we encourage our inventions by letters-patent or subsidize our railroads, waterways, or all other works looking to the public weal. This done, our merchant marine will be restored in a short time.

Respectfully submitted.

LEWIS M. HAUPT.

### STATEMENT OF JOSEPH A. BALL.

Joseph A. Ball appeared before the Commission.

The CHAIRMAN. State to the Commission what interest you represent.

Mr. BALL. I am assistant treasurer of the Franklin Sugar Refinery and also treasurer of the Maritime Exchange, and anything I may say here is not in a representative capacity, but merely in presentation of my personal views.

It seems to me in what I have heard here and what the Commission have heard here to-day, there have been some facts stated upon which nearly everybody agrees. One is that it costs more to build American ships. Another is that it costs more to run them. Almost everybody seems willing to admit those two propositions, but when you get away from them, it seems to me many men have many minds, and you have had presented here to-day many views with regard to the matter.

There is one thing, however, about which I should like to speak to you, which I did not hear touched upon by anybody else, and I will confine myself wholly to that at this hour. That is the question of our own country in its relation to the Philippine Islands. You come here and ask, What can be done to help American shipping? I do not think, in one particular way, that you can do anything better than to consider just that question. You have passed a law providing that two years from now the mercantile marine law shall go into effect, so that the Philippine Islands shall be considered as in the coastwise trade—in other words, that the islands are a part of this country—and that means that American, and only American, vessels can trade back and forth.

### REDUCE PHILIPPINE DUTIES.

- If that is to be the case, they must have cargo, and to get that cargo it seems to me you should, right alongside of that, pass a bill removing the duties on the products of those islands coming to this country and the products of the United States passing to the Philippines. Either the archipelago is a part of our country or it is not a part of our country. If it is a part of our country, and the navigation laws apply, and it is coastwise trade, then very properly those people must use our American bottoms. If they use American bottoms, being a part of the country, it seems to me you can not fairly ask them to pay duty on goods coming from one part of the United States to another part of

the United States. Neither should you ask the people of this country to pay duty on goods coming from one part of the country to another.

Senator MALLORY. Can you state what amount is realized from the tariff on importations from the Philippines and from the imports into the Philippines from this country?

Mr. BALL. I am unable to give you the figures. They are easily ascertainable, however.

Senator MALLORY. My understanding is that that money is to be used to assist in paying the expenses of the government of the Philippines. The question in my mind, which prompted me to make the inquiry, is whether we would not have to tax ourselves if we would remove those duties, in order to pay the expenses of the Philippines, as we probably shall have to do in the case of the Hawaiian Islands.

Mr. BALL. I hardly see why we would have to tax ourselves and I do not understand that the duties collected on goods brought from the Philippine Islands to this country are kept separate at all.

Senator MALLORY. They are not.

Mr. BALL. They are merged in the general fund.

Senator MALLORY. We did do that with Porto Rico. I do not mean to say I think we should do so. I merely make the inquiry because I have heard it urged.

Mr. BALL. In the case of Porto Rico, for two years it was done, and the fund was accumulated and paid to Porto Rico. To-day Porto Rico stands in the attitude of being a part of this country. No duties are charged on articles between their ports and ours. I leave it to you, that the result of that is that the shipping is all carried in American bottoms, and everything that is done in that country to further their interests and to further the trade between the two countries has helped American shipping.

Now, in the case of the Philippines, you come to a voyage infinitely longer, taking more ships, so far as time goes and as an actual matter of fact, than Porto Rico does. It is a country which has possibilities of a large amount of trade in the future, and American shipping will receive the benefit of it if it is considered a part of this country. If it is not a part of this country, I can not see for myself any reason in the world why you should apply the navigation laws to it.

#### STATEMENT OF ANTONIO SANS.

Antonio Sans appeared before the Commission.

The CHAIRMAN. May I ask what is your present business?

Mr. SANS. I have been in the shipping business in this port since 1874.

The CHAIRMAN. You are familiar with the scope of the inquiry that the Commission is charged with making?

Mr. SANS. I think I rather understand it.

The CHAIRMAN. We shall be glad to hear any views you may wish to present.

Mr. SANS. I think the Commission has my statement in writing before it.

The CHAIRMAN. I will ask the secretary to read it.

Mr. SANS. If you please.



The secretary read as follows:

PHILADELPHIA, *May 25, 1904.*

The MERCHANT MARINE COMMISSION,  
*The Bourse, Philadelphia.*

GENTLEMEN: The cancer that slowly but surely has destroyed our merchant marine is embodied, body and soul, in the obsolete and barnacle-covered navigation laws of the United States. The agitation for its renewal has been going the rounds for many years, and efforts here and there have been made to solve the question.

In April, 1890, the Commercial Exchange of Philadelphia held a meeting to deal with the subject, and the river and harbor committee of that body reported certain recommendations, a copy of which I attach hereto. Nothing came out of that meeting and nothing has since been done in the matter. The recommendations of the river and harbor committee above referred to held good then and holds good to-day. I hold that, at that time, if the United States had abrogated the navigation laws above referred to the matter would not have come up at this time, as it would have enabled our people to purchase ships wherever they could buy them cheapest, and the question of the cost of running the ships would have been settled by this time.

It is true that under the existing law large shipbuilding establishments have been developed in this country, but I doubt whether the benefits derived from our gain in that industry are not much less than the losses we have suffered through our disappearing shipping property.

We pay to-day, and have paid, a tribute estimated at about \$150,000,000 annually to foreign bottoms, in the shape of freight on our exports, imports, and passenger traffic.

The question of subsidy, so strenuously advocated and sugar-coated with an option to the Government to appropriate the boats in time of war at their value, whilst in keeping with our policy of protection, does not tend to protect our national Treasury. The Government has the right to appropriate any property belonging to its citizens, both real and floating, in times of war, by paying for it; and as to the question of subsidy, you have only to follow the history of other countries in the matter to find discouragement in its application.

I believe that if the American manufacturers of steel and other materials that enter into shipbuilding would sell to our builders as cheaply as they sell to foreign builders, the cost of construction would be very much reduced, and would enable our yards to turn out ships in competition with foreigners.

I suggest that our navigation laws be abolished, and thereby open the markets of the world to our citizens.

As to the question of cost of management, that will work itself out, like many others which have been settled. Supply and demand of hands, and other things entering into the cost of management, must determine that phase of the question.

Faithfully, yours,

ANTONIO SANS.

"PHILADELPHIA, *April 17, 1890.*

"THE PRESIDENT AND BOARD OF DIRECTORS OF THE COMMERCIAL EXCHANGE.

"GENTLEMEN: At a meeting of the river and harbor committee, held this day, the following suggestions and recommendations were adopted and requested to be forwarded to the board of directors:

"As other countries having free ships have succeeded in driving our commerce from the ocean, we having declined from 75 per cent to 13 per cent, and are compelled to pay foreigners two hundred millions a year in the form of freight and passage; and as no other citizen of any other country on the face of the earth, except a citizen of this country, is denied the protection of his country, laws, and flag, if buying a ship where he can purchase it at the lowest price; believing that were American merchants permitted to buy their ships where they can buy them as cheap as other nations buy theirs, we could compete successfully with them.

"We want the repeal of the navigation laws of the United States, and the removal of all duties on shipbuilding materials, and a law enacted which shall provide for the free admission of foreign-built ships to American registry, with all privileges thereby offered.

"Subsidies, bounties, and gratuitous giving of moneys is in opposition to the innate characteristics of the American people, and, therefore, a stigma put upon American push, energy, and ingenuity which we earnestly deplore. Superiority and skill, if untrammelled, will assert themselves. Therefore we ask for our citizens free scope of action, and offer the following suggestions and recommendations:

"First. That our navigation laws as at present existing be abrogated so that our ships may be allowed free access to our ports, and that charges be made only commensurate with services rendered.

"Second. The encouragement to that portion of our citizens which engages in such pursuits we leave to our Congress to provide.

"Third. The granting to American citizens the right by law to buy ships wherever they can buy them cheapest, with the right to enroll them under the American flag; such vessels, however, when foreign built, to be excluded from our coasting trade.

"Fourth. That a liberal compensation be paid to ships under the American flag for carrying of mails, with liberal allowance of money consideration for the shortening of schedule, that the promptest mail service be obtained.

"Fifth. We are not oblivious of the protection due to our shipbuilders, and, therefore, recommend the building, whenever possible, of our nascent Navy in private establishments, and in this and in ships for domestic trade exclusively and for foreign trade by competition we hold their protection is secured.

"Sixth. The admission, free of duties, of all shipbuilding materials and materials used for the fitting up of American vessels.

"Seventh. The strict enforcement of the authority of our National Government over the waterways and channels of communication of the country that conflicts between States' jurisdictions shall not act detrimentally to the interests of shipping.

"Eighth. The establishing of ports of call whenever practicable or desirable.

"Ninth. We recommend the continual surveillance by the Government over our channels that ships may navigate without impediment.

"JAMES B. CANBY,

"HARVEY K. HINCHMAN,

"CHAS. J. STRING,

"ANTONIO SANS,

*"Committee on Rivers and Harbors."*

The CHAIRMAN. That, I understand, is a report from a committee?

Mr. SANS. Yes, sir; in 1890.

The CHAIRMAN. A unanimous report?

Mr. SANS. Yes, sir.

The CHAIRMAN. What became of it?

Mr. SANS. The report?

The CHAIRMAN. Yes.

Mr. SANS. Nothing came out of it. The gentlemen who attended the meeting—I think Mr. Tucker was there——

Mr. WILLIAM R. TUCKER. If I was there I opposed it. I think I spoke against it very strongly.

Mr. SANS. I know you did, and that is what killed the meeting—you and Mr. Brooke. I intended to embody that in the paper, but I left it out, out of a feeling of delicacy. Your stentorian voice and that of Mr. Brooke killed the meeting.

The CHAIRMAN. I assume you are absolutely and unqualifiedly for free ships?

Mr. SANS. Not exactly; not a bit. I offer protection to our ship-building establishments in those resolutions. That is part of my statement.

The CHAIRMAN. If you admit free, ships built in foreign countries, how do you protect the American shipyards?

Mr. SANS. For the foreign trade; exactly.

The CHAIRMAN. We are inquiring into just that branch of the question. That is the duty with which we are charged. The coastwise trade is amply protected now.

Mr. SANS. Yes.

The CHAIRMAN. We are asked to try to find a remedy for the present depressed condition of our deep-sea navigation. Now you propose to admit ships free from any nation on earth, and of course make it impossible for this Commission or Congress to do anything toward rehabilitating American shipyards.

#### COMPEL RAILROADS TO USE OUR SHIPS.

Mr. SANS. I do not think it would do any harm to the citizens of the United States and to the Treasury of the United States to permit citizens of this country to buy ships wherever they can buy them cheapest. With all due regard to the scope of the inquiry, I may remark that there are but two things in our schedules which are not allowed to come into this country—ships and obscene literature. I do not know whether the legal phase of this matter is correct or not; I am not a lawyer; but it seems to me if we could only make a start, for instance, by authorizing our citizens for the term of five years to buy up to and not exceeding one million net registered tons in foreign countries, and

then, if it is within the scope of Government authority, limit the shipments made on through bills of lading from the interior of the country to London and Liverpool and all the various ports, so as to compel them to make the carriage of those goods by water in American bottoms, it would be an entering wedge to establishing our merchant marine. I think the thing is worth trying. If you allow one million tons to come in there would be simply a nucleus at the end of five years, and in the meantime our shipbuilding establishments would be busy building vessels. What you want is to interest the American people in this subject. They seem to be in a state of lethargy. They do not hanker after the foreign shipping trade.

Representative MINOR. Do you think it would be an advantage to the American citizen to go abroad and buy his ship where he could buy it cheapest?

Mr. SANS. Yes, sir.

Representative MINOR. Now let me ask you a question. Is it not a fact that the American citizen to-day may go abroad and buy a foreign ship?

Mr. SANS. Yes.

Representative MINOR. He may do that with his own money and operate the ship himself. Of course she has to be owned on paper by foreigners and manned by foreigners, which makes her all the cheaper to operate. The consensus of opinion and the testimony taken in New York and elsewhere prove that it costs more to operate an American ship under the American flag than it costs to operate a foreign ship under a foreign flag.

Mr. SANS. There is no question about that.

Representative MINOR. There is no question about it?

Mr. SANS. No.

Representative MINOR. If our citizens would avail themselves of that condition and go abroad and buy a foreign ship, what advantage would there be to put her under the American flag when they can operate her cheaper under a foreign flag.

Mr. SANS. In the one case they would own the vessel outright. In the other not. If you would alter the navigation laws and permit those vessels to be manned by any class of citizens, wherever you could get the cheapest labor, then you would get on a par.

Representative MINOR. That has been doubted.

Mr. SANS. Of course this is a very complicated matter, and I am simply giving you my opinion.

Representative MINOR. What we all want is to devise some means whereby we may put an American citizen on all fours with the foreigner. If it be true that there is a difference of 30 per cent in the cost of operation, what advantage have you got in buying a ship abroad?

Mr. SANS. If you follow my suggestion and compel the railroads having termini at the seaports to carry the goods on through bills of lading to a foreign country on American boats, then you will have helped the American boat that has been bought.

Representative MINOR. Do you think legislation of that kind would be acceptable to the country?

Mr. SANS. I am not a lawyer; I do not know whether it would be class legislation or not.

Representative MINOR. You are inclined to think it would be, though?

Mr. SANS. I do not know anything about it.

FREE SHIPS AND FOREIGN LABOR.

Representative HUMPHREY. I understand, then, that your remedy is free ships, operated by foreign labor?

Mr. SANS. Any labor.

Representative HUMPHREY. Say by any labor—the cheapest labor you can get?

Mr. SANS. Yes.

Representative HUMPHREY. According to the testimony which has been introduced before this Commission, it would be foreign labor. Now, how do you think it would benefit the American merchant marine to buy free ships abroad and operate them with foreign labor?

Mr. SANS. The wages would be the same.

Representative MINOR. The testimony before the Commission, and I thought you admitted the fact, was that American labor costs more than foreign labor.

Mr. SANS. I do not think it lies in labor. I think it lies in the cost of management. I think there is a very small difference between the wages of an Englishman and an American.

The CHAIRMAN. There is a very great difference in the matter of officers.

Mr. SANS. Yes; of officers.

The CHAIRMAN. It is very large.

Mr. SANS. With officers it is.

The CHAIRMAN. You would wipe that out?

Mr. SANS. Yes; I would put in a competent man to sail the vessel.

Representative MINOR. You would bring down the price of American labor so that we could compete with foreigners?

Mr. SANS. Yes, sir.

Representative MINOR. Would you regard that as good American policy?

Mr. SANS. I think it is as good American policy as any other.

Representative MINOR. You do?

Mr. SANS. I think the American would assert himself.

Representative HUMPHREY. If I understand you, then, your theory is to purchase free ships and operate them with the cheapest labor and then finally compel the railroads to patronize those particular ships. That is your remedy?

Mr. SANS. I do not say with foreign labor.

Representative HUMPHREY. I said the cheapest labor.

Mr. SANS. The cheapest labor.

Representative HUMPHREY. I changed my expression to "cheapest labor."

Mr. SANS. That is right.

Representative HUMPHREY. Buy ships where you can buy them cheapest, operate them with the cheapest labor you can get, and then eventually compel the railroads to patronize those ships?

Mr. SANS. Yes; after five years; after they were given that trial for five years. Why should we not? They have been getting the milk in the cocoanut. Why should we not ask them to make a little sacrifice?

Representative HUMPHREY. I wished to get your idea.

Mr. SANS. You have got it.

## NO OBSTACLE NOW.

Senator MALLORY. I have not heard much of what has been said, and I should like for my own information to inquire whether there is any law now which would prevent you from putting your money in a British-built ship and running her under that flag?

Mr. SANS. I do not know whether there is, but I would have to get some one else to do it. I could not do it outright. He would have to give me a mortgage on the property.

Senator MALLORY. Is it not done largely to-day?

Mr. SANS. I think it is shameful that it is done. I do not think it ought to be permitted.

Senator MALLORY. I did not catch your answer.

Mr. SANS. I think it is shameful that it should be done.

Senator MALLORY. Whether it is shameful or not, the evidence is that it is done to the extent of nearly 1,000,000 tons.

Mr. SANS. Yes, sir; eight hundred thousand or a million tons.

Senator MALLORY. Your object is to establish a business and make money?

Mr. SANS. Yes.

Senator MALLORY. If there is a profit in it, what is there to prevent other American citizens who want to invest in the merchant marine business from going into it? There is no law which prevents him. You say we ought to repeal the navigation laws. You can enter that business without touching the navigation laws, except that you have to put your vessel in the name of a corporation.

Mr. SANS. Not a corporation. If I invest money in a foreign ship I would have to take a mortgage on the ship.

Senator MALLORY. That is your objection to doing it in that way?

Mr. SANS. Yes, sir.

## STATEMENT OF WILLIAM R. TUCKER.

Mr. TUCKER. There was a slight controversy a moment ago, sir, on the subject of the resolutions offered on behalf of the Committee on Rivers and Harbors of the Commercial Exchange. According to my recollection those resolutions were defeated by that organization. I believe that I was a party to the effort to defeat them, which succeeded. I thought it was only fair that it should be made clear to the Commission that the resolutions presented there, while expressing the opinion of the committee in general, were not endorsed by the organization to which the resolutions were presented, but were defeated.

I think it is only fair to make that statement.

## ADDITIONAL STATEMENT OF WILLIAM G. RANDLE.

The CHAIRMAN. I understand that Captain Randle wishes to make a further statement.

Mr. RANDLE. Mr. Chairman and members of the Commission, I was asked this morning to explain, from a practical knowledge of steamship management, as to the wages paid to American seamen. We have heard many remarks made to-day and particularly this afternoon with respect to the abuses that exist on American ships. It has been my

fortune to have commanded for more than thirty years some of the smallest as well as some of the greatest ships crossing the Atlantic, and not only under our own flag, but under foreign flags, and I know to-day from practical experience in the management of those ships that the abuses which have been put before you to-day will not bear examination. I can refute the statements which have been made.

#### AMERICAN WAGES BEST OF ALL.

For instance, we pay, of course, as everyone knows, a higher rate of wages on American ships. The man is shipped before a United States shipping commissioner. He has to go before that officer or his representative to sign the articles on the American ship, and I have never seen any difficulty in getting a first-class crew, both firemen and sailors, on American ships. The reason is that we pay a higher rate of wages—at least 30 to 35 per cent higher than under any foreign flag. We also feed them very much better, as all people know who have ever sailed on American and foreign vessels.

The abuses that have been put before you of watch and watch and keeping up all the men from sunrise comparatively to sunset are not found in practice. It is only when there is an occasional demand for extra services, such as the day of entering or leaving port, when the men are deprived of the afternoon watch off. At other times and on all occasions the firemen have three watches. They have eight hours below and four hours of duty alternately. The deck department has watch and watch. They have four hours on deck and four hours below continuously, and then each watch has two hours, called the dogwatch, and that is changed, so as to equalize the amount of rest the men get. Therefore the abuses that have been stated here can not exist. I have been there, and I have carried it out in practice for the last thirty years or more.

#### AS TO CRIMPS AND CRUELTY.

Then, as regards the matter of crimps. The crimps have existed for many years; and, as has been very truthfully stated and very properly stated, until we enact a law making it a penal offense for any man to influence or abduct, or by force or persuasion take a sailor from a ship in port on arrival and shanghai him, as the term is, on board another ship, it will continue. That offense should be punished very, very severely by the laws of our country. Do that and the sailor will be well protected. He is well protected by our laws, if our laws are properly carried out.

The CHAIRMAN. What have you to say as to the alleged cruelties practiced on the men?

Mr. RANDLE. On sailing ships across the Atlantic in former years, say from 1851 to 1865, no doubt there were many acts of cruelty, but at that time there were a very hard set of seamen on board of those ships, and they required very severe discipline. At times, where they were not subservient to discipline and were not subject to it, there is no doubt that there were some acts of cruelty. There are exceptions in all cases. The general treatment of the American sailor to-day—and I know from practical experience—is as good, and better, than that under any flag in the world. [Applause.]

## SCHOONERS BETTER EQUIPPED.

The CHAIRMAN. Both in New York and here complaint has been made that certain vessels—I judge of an inferior class—are undermanned. What can you say on that point?

Mr. RANDLE. The fore-and-aft schooner has been quoted here as being the particular ship that is undermanned. The vast improvements that have been made in the general apparel of a ship to-day are so far superior to what it was a few years ago, that it is quite possible to conduct those ships successfully with a very much reduced number of men. The majority of the large three-masted schooners to-day, and the four and five and six masted schooners, and the one seven-masted schooner are invariably fitted with steam power for handling the sails. Then in case of sudden emergency the time and attention of only three or four men are required to handle the ropes, and every sail comes down.

In a square-rigged ship it is entirely different, but the three masted and four masted and five masted schooners are the ones which have been quoted here as being undermanned. I do not think they are at all undermanned, considering the increased facilities on board those ships to-day.

Representative MINOR. Is it not true that the owner who undermans a vessel takes the greatest chance on the safety of his property? Is he not as much interested in having an efficient crew as the sailors possibly can be?

Mr. RANDLE. Certainly; and more so.

Senator MALLORY. But he is insured?

Mr. RANDLE. He would not risk his property for the sake of the wages of one or two men.

Senator PENROSE. Would not the insurance protect the owner?

Mr. RANDLE. Yes; the insurance would protect the owner.

Senator PENROSE. Therefore, being insured, it would be to his interest to get along with as few men as possible.

## A REMEDY AT HAND.

Mr. RANDLE. But it is right in the hands of the men themselves, Senator. If the crew, when they ship—and they ship before the commissioner—know that four men are sufficient for that vessel, then they are willing to go. They are free agents. They need not go on board a ship if they consider her undermanned. But they accept a certain amount of wages for certain work, and the same men to-day are in the coasting trade, and go from ship to ship and from ship to ship and keep in the coasting trade preferably to going into the foreign trade. Why? Because they get more wages, and they get, to a certain extent, better food, because the ship is more often in port and provisions are more often changed, and the better sailors in our coasting trade to-day will not go in a seagoing ship for that reason. There is a better class of men in the coasting trade to-day, small as it is, than in the foreign trade.

Senator MALLORY. From your experience as master of a large ship, engaged in international commerce, can you tell me whether there is any different rule as to term of enlistment of your crew from that



which ordinarily prevails? In other words, do you ship a man for the voyage or by the month, or how do you do it aboard such vessels as the *St. Louis*, for instance?

Mr. RANDLE. That is something which for the moment slipped my memory.

Senator MALLORY. It is a subject upon which I wish to get some information.

#### HOW MEN ARE SHIPPED.

Mr. RANDLE. Sailing from a port in the United States to a foreign port, we invariably ship the men for a certain voyage, to and back to a final port of discharge in the United States. On arrival in that foreign port, where, for instance, the ship may under certain circumstances go to be loaded up, the captain can not discharge that crew without depositing three months' wages with the American consul as security that those men will not be allowed to become objects of charity. The three months' wages are used for the transportation of those men back to the United States. That is our law. If it is decided, and the men are willing to be discharged, which they invariably are under those conditions, there are three months' wages paid, even if they have been on board the ship only across the Atlantic for ten days.

Senator MALLORY. In your experience in command of one of those liners did you ship your men on this side for the round voyage or did you occasionally ship them on the other side?

Mr. RANDLE. We never shipped them on the other side unless there were desertions.

Senator MALLORY. Could you have shipped them? What was your port of destination?

Mr. RANDLE. Southampton.

Senator MALLORY. Could you have shipped your crew from here to Southampton to be discharged there?

Mr. RANDLE. It could have been done.

Senator MALLORY. Would it not have paid you to employ your crew on the other side, at the so-called English wages, rather than to ship them here at the higher wages?

Mr. RANDLE. On our arrival there we could not throw them on the charity of the consul.

Senator MALLORY. But you have just said that you shipped your men here to be discharged at Southampton.

Mr. RANDLE. That would be called by the run. They would receive so much wages for the run over.

Senator MALLORY. I understood you to say that it was your rule to ship here for the round voyage.

Mr. RANDLE. Yes, sir.

Senator MALLORY. Would it not have saved the vessel considerable expense to ship them on the other side for the round voyage; that is to say, from Southampton to New York and back to Southampton?

Mr. RANDLE. Not for this very reason, that we could not ship the men over there to come over here and to be returned to a final port of discharge in the United Kingdom.

Senator MALLORY. You could not do that?

Mr. RANDLE. No, sir.

Senator MALLORY. Why not?

## ENGLISH LAW DIFFERENT.

Mr. RANDLE. Because the English law will not allow a man to be discharged in a foreign port. The English law is entirely different from the American law in that respect.

Senator MALLORY. Do you mean to say you could not ship men in Southampton to come to New York and back to Southampton?

Mr. RANDLE. Only by the run; not on the regular articles, before the United States consul and the English authorities. You can ship them by the run for \$10, or \$20, or \$50, or whatever may be agreed upon, for the run to Philadelphia or New York.

Senator MALLORY. Suppose you lost three or four men and you wanted to replace them. When you came to ship them in the foreign port, what rate of wages did they demand as a general rule?

Mr. RANDLE. Four pounds—twenty dollars.

Senator MALLORY. The rate of wages prevailing in England?

Mr. RANDLE. No, sir. The rate of wages prevailing in the port—four pounds to four pounds ten.

Senator MALLORY. It was not the American flag that fixed the wages, but it was the rate of wages prevailing in the port.

Mr. RANDLE. Yes, sir, to a great extent; but an English ship under the same conditions could get men at a less price.

The CHAIRMAN. Mr. Randle, you heard the testimony as to ship-masters starving sailors and then discharging them in foreign ports without paying them the wages due them. Did you ever know of an instance of that kind?

Mr. RANDLE. I have heard of instances of that kind, Mr. Chairman, where a ship was going to be delayed a long time in port waiting a charter. I have heard of instances where the captain and the officers have tried to run the men out of the ship by increasing the hours of labor and reducing their food. That has come under my notice several times in foreign ports, out on the west coast of South America.

The CHAIRMAN. It must be a very unusual incident.

Mr. RANDLE. It is very unusual. It is only when a man forgets his moral obligation as commander of a ship that he resorts to the practice.

On the following day MR. RANDLE said:

Mr. Chairman, I wish to ask the privilege of correcting a statement I made yesterday in reply to Senator Mallory's question regarding the shipping of sailors on American ships in foreign ports.

The CHAIRMAN. You are at liberty to do so.

## IN CONFLICT WITH AMERICAN LAWS.

Mr. RANDLE. The Senator asked me whether it would be proper and perfectly right for a ship to fill up, in foreign ports, vacancies that might occur by desertion, death, or sickness on American ships. I stated, under a misapprehension of his question, that it would come in conflict with English laws. I meant to say it would come in conflict with our laws, the American laws regarding contract labor. That is to say, the men whom we used to fill those vacancies, on arrival here, would have to be discharged, and then if we wished to take them back they would have to be reshipped before a United States shipping

commissioner and be paid American wages. I wish to make that correction. Is that satisfactory?

Senator MALLORY. The point I was trying to reach was a little beyond that. It was whether it would not pay an American shipmaster to ship his crew in Southampton for the round voyage to New York and back to Southampton?

Mr. RANDLE. We could ship them only as far as New York. There they would have to be discharged and then be shipped before a United States shipping commissioner and paid American wages.

Senator MALLORY. You mean under our labor laws?

Mr. RANDLE. Yes, sir.

Senator MALLORY. You would ship them from Southampton to New York, and would stop at New York only long enough to take on cargo. That would not be importing them into this country.

Mr. RANDLE. An American ship can not ship them in a foreign port for the round voyage. They would have to be discharged before a United States shipping commissioner here.

Senator MALLORY. Do you mean to say that there is a law on the statute books prohibiting an American ship from shipping men in a foreign country for the round voyage—from their home port to this country and back to the foreign country?

Mr. RANDLE. Yes, sir. They would have to be discharged in this country before a United States commissioner and then reshipped at American wages.

Senator MALLORY. Thank you.

#### STATEMENT OF E. K. STEVENSON.

E. K. Stevenson appeared before the Commission.

The CHAIRMAN. State to the Commission what your occupation is.

Mr. STEVENSON. I was for about twenty years a sugar refiner and an exporter and importer from the West Indies, South America, and China. I am not now engaged in mercantile pursuits.

The CHAIRMAN. The Commission will be glad to hear anything you may have to say.

Mr. STEVENS. Mr. Chairman and gentlemen of the Commission, Philadelphia has long had a warm interest in fostering and extending American commerce in American-built ships. On February 7, 1871, the American Steamship Company was chartered by the legislature of Pennsylvania, and shortly thereafter it had built at Cramp's shipyard four steamships—the *Pennsylvania*, the *Ohio*, the *Indiana*, and the *Illinois*—which formed the American line plying between Philadelphia and Liverpool, and which remained in that service, under the American flag, until they were driven from it by the overpowering competition of foreign built and manned ships. The various bills relating to shipping which have been introduced in Congress have received careful attention here, and there is a sentiment in favor of the enactment by Congress of some legislation by means of which American built ships shall obtain for this nation a rightful share of the commerce of the world.

When the great Far West was being opened up and developed the Government found itself unable to provide adequate mail service to many places therein at the rates which were then authorized by existing

law, and in order to overcome the objections of intending settlers to taking up their abode in a region where mail facilities would be denied them, Congress enacted what has been called the star route bill, under which compensation sufficient to pay the cost of mail service could be made and those settlers could enjoy mail facilities which otherwise would have been denied them until those communities had become so thickly settled that the ordinary rates of payment for mail service would be sufficient to maintain it.- That act cost some additional money for mail service, but the opening up and development of that great area beyond the Mississippi, which was hastened by it, returned that additional cost to the nation and the people at large many fold.

#### NATIONAL HELP NEEDED.

Now we have a condition of decadence in the employment of American-built ships in our foreign commerce which is not creditable to this great nation, and to relieve it and to change it into a condition of American-built ships obtaining a large and increasing share of ocean traffic between the ports of the United States and foreign ports, the fostering care and support of the National Government should be extended. To those who are familiar with the shipping trade it is well known that under the excellent navigation laws of the United States it costs more to sail an American ship than it does to sail a foreign ship under the laws of any other nation, and to meet that additional cost I suggest that Congress should enact legislation by which any American built steamship, having a tonnage greater than a certain minimum and a speed exceeding a certain minimum, should be paid by the United States Government a certain sum per ton per mile on its outwrad voyage from any port in the United States to a foreign port.

#### AN EXPORT BOUNTY.

The tonnage should be computed solely upon its cargo carried. Any steamship intended to receive payment under this legislation should be measured by a Government officer appointed for that purpose, and its cargo capacity, thus ascertained, should be recorded in the Treasury Department before it be permitted to avail itself of such compensation. Upon this being done a certificate of such measurement, as recorded, should be issued to the steamship. At the time of the clearance of such steamship the collector of the port at which it clears should issue to it a certificate of the cargo tonnage then laden on board, which should be the basis upon which payment should be made. A subsidy of this kind would be general, and the people of the interior States, who are said to be at least lukewarm upon ship-subsidy legislation, would see the advantages which they would attain by being helped thereby to better secure foreign markets for their products.

#### STATEMENT OF SAMUEL B. MACDONNELL.

Samuel B. Macdonnell appeared before the Commission.

The CHAIRMAN. Mr. Macdonnell, what is your present business?

Mr. MACDONNELL. I am a marine compiler.

The CHAIRMAN. What is the meaning of that term?

Mr. MACDONNELL. I compile the statistics about which the people in the country have been buncoed, sir, by the false reports of the Commissioner of Navigation.

Mr. Chairman, I wish to say that I am an American; I am a Philadelphian, and I am a Democrat—one of the Sam Randall kind. I believe in protection to American ships. [Applause.]

The time has arrived when something must be done to save what is left of the American merchant marine. Three things confront us—subsidy, discriminating duties, or free ships.

Either one of the former measures would place our shipowners upon an equal basis with foreign-built and foreign-owned ships, while the latter one would wipe out every shipyard of note on the Atlantic and Pacific coasts. The shipping question has been dodged by every Congress since the war, and the old Bureau of Statistics as well as the present Bureau of Navigation has done nothing but put out figures to mislead and fool the people ever since.

According to the annual report of Eugene Tyler Chamberlain there were 24,425 American vessels of 6,087,345 gross tons afloat on July 1, 1903, which were divided in four classes—steam, sail, canal boats, and barges, as follows:

	Number.	Gross tonnage.
Steam.....	8,054	3,408,088
Sail.....	12,836	1,965,924
Canal boats.....	695	78,406
Barges.....	2,840	634,927
Total.....	24,425	6,087,345

These figures, if correct, would go to show without any argument that nothing was needed to aid our merchant marine, for a country that can boast of 24,425 vessels needs no legislation to help it along.

But to analyze the figures shows that these 24,425 vessels mostly consist of catboats, sloops, small schooners, ferryboats, dredging machines, towboats, side-wheel steamboats, and other craft that could not go down the Delaware River as far as the Breakwater, let alone go to sea.

#### STEAM VESSELS.

The report states that we have 8,054 steam vessels of 3,408,088 gross tons. Now we will see what they are:

	No.	Tons.
Total steam vessels, per Chamberlain's report.....	8,054	3,408,088
Deduct vessels from 5 to 50 tons.....	3,279	76,946
Deduct vessels from 50 to 100 tons.....	1,882	101,459
Deduct vessels from 100 to 500 tons.....	1,915	432,446
Deduct vessels from 500 to 1,000 tons.....	539	378,528
Deduct total.....	7,115	989,379
Leaving steam vessels over 1,000 tons.....	939	2,418,709
Deduct Great Lakes steamers over 1,000 tons.....	506	1,278,058
Deduct Western river steam vessels over 1,000 tons.....	10	15,185
Deduct total.....	516	1,288,243
Leaving steam vessels over 1,000 tons on coasts.....	423	1,130,466

Now if these 423 steam vessels of 1,130,466 tons were seagoing steamships we would be all right and could boast of some progress in

the past few years, but a number of these 423 vessels are large ferryboats, side-wheel steamboats, dredging machines, and the like.

There are less than 939 American steam vessels of over 1,000 tons on the Lakes, on the Pacific, on the Gulf, and on the Atlantic. Deduct those on the Great Lakes and the Western rivers and it brings us down to 423 steam vessels, and of those 423 ships about one-third are the big ferryboats that run from Jersey City to New York and from Philadelphia to Camden, and the vessels that run from Arch street down to Gloucester, N. J.

We have nothing, and we must do something to get a merchant marine. We can get it only by a subsidy or something that will help the industry.

Mr. Thurber told you about how the party I belong to broke John Roach, but I want to say that if the United States maintains its present policy it will break every shipyard from Eastport, Me., to Galveston, and on the Pacific coast there will not be a shipyard left.

#### SAIL VESSELS.

Now, we come to sailing vessels. You never heard of a steamship making sailors. Sailors come from the sailing vessels. The sailor is made aboard a sailing vessel. As for sailing vessels, the loss is appalling. On January 1, 1870, we had 2,295 square-rigged vessels, and by the records of the Bureau of Navigation we had, on June 30, 1903, 350, and most of them that were not wrecked were uninsurable.

I mean by "not wrecked," wrecked, but kept in the list to pad it. The loss of 1,945 captains, 1,945 first mates, and 1,945 second mates alone would officer to-day every American steamship and sailing vessel over 100 tons gross register that goes to sea from an Atlantic, Pacific, or Gulf port.

As I say, sailing vessels make sailors, and yet every piece of legislation passed by Congress in thirty years has been against sailing vessels. For instance, the new steel schooner *Thomas W. Lawson*, built at Quincy, Mass., in 1902 is compelled under the act of December 21, 1898, to be inspected yearly, and must have a licensed captain and a licensed mate, while the foreign-built barge *Coal King*, built in Nova Scotia in 1878 can go to sea without inspection and without a licensed captain or licensed mate, and yet both these vessels are classed by the Commissioner of Navigation as sailing vessels. The former is a schooner, the latter a converted coal barge. For statistical purposes she is a schooner, but when a harsh law is passed that would affect her, she is only a coal barge.

Now, Mr. Chairman, I want to say something about the four things that will help us. The first thing is to stop the placing of any more foreign-built vessels, whether wrecks or not, under the American flag. We stop crippled immigrants from coming into our country; why should we admit broken-back ships and let them run in our coastwise trade? If a man has a chronic disease, you stop him from coming into the country, and yet you have admitted 325 vessels that are mostly run in our coastwise trade in opposition to the high-priced vessels we put out.

Revise the United States statutes so that sailing vessels can successfully compete with barges and steamers. A law is a farce that allows a rotten hulk of a converted coal barge to go to sea overloaded and undermanned without inspection, while a new sailing vessel of the

same tonnage is compelled to have a licensed captain, a licensed mate, and be inspected yearly.

These coal barges are old converted foreign-built vessels. They come here and get into distress and are cut down into coal barges.

Representative MINOR. Sailing vessels. Make yourself clear. They are old foreign-built sailing vessels.

Mr. MACDONNELL. Yes, sir; dismantled and made into what we call coal barges. Five or six of them will go down the coast at one time in tow of one tugboat, and the tow occupies a mile and a half of the ocean, and it is a menace to any good vessel that sails.

Permit an advance to sailors and do away with the blood money which robs vessel owners of thousands of dollars yearly.

#### DIFFERS WITH THE UNION.

I disagree with the union in the statement of the wrongs done by captains of vessels. There are some, and they should be punished, but the only case that occurred here recently was where the sailors' union licked a nonunion man for going aboard a vessel, and evidence as to that will be presented to you to-morrow by Mr. Craig. If the Commissioner did what is alleged he ought to be removed, but I think when he testifies to-morrow you will hear the whole story.

Give every American vessel engaged in the foreign trade either a subsidy or a discriminating duty, but be sure to grade it so that the small sailing vessel shall be taken care of. New ports are opened by small sailing vessels. As trade grows, larger sailing vessels are put on, then small steamships, then larger ones, and so on.

Take the fruit trade in which the Admirals, the four finest vessels in the world in that trade, are engaged—the *Dewey*, the *Sampson*, the *Farragut*, and the *Schley*. Now, that trade was originated by small fishermen in the summer time who went to Port Antonio, Jamaica, and to Cuba, and brought up bananas to this country. As the business grew, Warner & Merritt started in to build vessels of 150 tons register. Then they got an auxiliary steam vessel, and eventually we obtained the four finest vessels in the world going to sea in the fruit trade.

Mr. Chairman, with respect to foreign vessels I wish to submit a statement. On January 1 of this year I compiled a paper showing that 153 foreign-built tramps were flying the American flag, of which 132 are running in the coastwise trade in direct competition with American-built vessels, and the first thing you can do to help American vessels is to amend the law which allows foreign-built vessels under any consideration ever to be used in the coasting trade. Especially try to put an end to the evil of special legislation in Congress admitting such vessels to American register. There are 70 or 80 more ready to come in. If you allow them to come in you will not build another merchant vessel on the Atlantic coast in ten years.

#### FLOATING COFFINS MUST GO—CONGRESS WILL MAKE LAWS THAT WILL PROTECT LIFE AND CARGO AT SEA.

The North American's work of exposing the floating coffins on the North Atlantic Ocean is about to bear fruit. Senator Perkins, of California, a large owner of vessel property, has introduced into the United States Senate a bill, which, if it becomes a law, will drive more than one-fifth of all the American seagoing sailing vessels and barges out of business and will compel another fifth of them to do repairs that will

keep shipyards busy for sometime to come. The bill is known as S. 3861, entitled "A bill to provide for the inspection of certain seagoing sail vessels and barges and to protect life and property at sea."

Congressman John H. Small, of North Carolina, has introduced a similar bill in the House of Representatives, which is more severe in some respects than even Senator Perkins's bill. It provides for a load line mark, the same as the Plimsoll mark on British vessels, and while it deals severely with vessels over 300 tons gross register, it makes no provision for the old worn-out two-masted schooners which are numerous on the Atlantic coast. The Small bill is known as H. R. 11675.

The following are the bills as introduced:

#### INSPECTION OF ALL SEAGOING VESSELS.

Senator Perkins, of California, on January 2, 1904, introduced into the United States Senate a bill known as S. 3861, entitled "A bill to provide for the inspection of certain seagoing vessels and barges and to protect life and property at sea."

*"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the owners of any seagoing sail vessel or seagoing barge of 100 gross tons or over and over twenty years of age shall, at least once in every year, apply for the inspection of the hull of said vessel by the local inspector of hulls, and it is hereby made the duty of said inspector to inspect such vessel. If the inspector is satisfied that the hull of the vessel is suitable for the service in which she is employed, has suitable accommodations for the crew, and is in a condition to warrant the belief that she may be used in navigation with safety to life, he shall issue a certificate of inspection in a form to be presented by the Secretary of Commerce and Labor.

"Sec. 2. That a register, enrollment, or license clearance, or other paper shall not be issued by any collector or other chief officer of customs to any vessel described in section 1 unless at the time said vessel has in force a certificate of inspection as provided in section 1. If any such vessel shall be navigated without such certificate of inspection the owner shall be liable to a penalty of \$500 for each offense.

"Sec. 3. That this act shall take effect on and after July 1, 1904."

#### A PLIMSOLL MARK FOR ALL AMERICAN VESSELS OVER 300 TONS REGISTER.

Congressman Small, of North Carolina, on February 3, 1904, introduced into the House of Representatives a bill known as H. R. 11675, entitled "A bill to amend the navigation laws and to secure the safety of vessels."

*"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the owner of every American vessel proceeding to sea from a port on the Atlantic or Pacific coast or about to undertake a voyage upon one of the Great Lakes (except vessels under 300 tons register, vessels employed solely in fishing, and pleasure yachts) shall within sixty days after the enactment hereof, mark upon each of the sides of said vessel, amidships, or as near thereto as is possible, in white or yellow, on a dark ground, or in black on a light ground, a circular disk, 12 inches in diameter, with a horizontal line 18 inches in length drawn through its center.

"Sec. 2. That the center of this disk shall be placed at such a level as may be approved by a local board of inspectors for the district and shall indicate the maximum load line to which it shall be lawful to load the vessel.

"Sec. 3. That if the vessel is so loaded as to submerge the center of the disk indicating the load line, the vessel shall be deemed to be an unseaworthy vessel and such submersion shall be reasonable and probable cause for the detention of the vessel.

"Sec. 4. That any owner or master of a vessel so required by this act to be marked who shall fail to cause his ship to be so marked or to keep her so marked, or allows the ship to be so loaded as to submerge the center of the disk indicating the load line, or any person who shall conceal, remove, alter, deface or obliterate, or suffer any person under his control to conceal, remove, alter, deface, or obliterate any of the said marks, shall for each offense be liable to fine not exceeding \$1,000."

#### FACTS.

Since January 1, 1903, less than fourteen months, the United States has lost on the high seas 7 steamships, 5 ships, 14 barks or barkentines, 2 brigs or brigantines, 23 coal barges, and 76 schooners, a total of 127 vessels, not counting anything on the Great Lakes or inland waters, nor schooners on the Pacific coast.

The average age of these vessels foots up over twenty years, the oldest of the fleet being the *Ira Bliss*, built in 1847, and the newest of them being the handsome steamship



*Kiowa*, built at Cramps shipyard for the Clyde Steamship Company, she being sunk within six months of her launch, and the big five-masted schooner *Washington B. Thomas*, which was wrecked within two months of her going to sea.

The following table gives the name of all seagoing steamships, ships, barks, bark-entines, brigs, brigantines, schooners, and barges lost since January 1, 1903:

[Pacific coast schooners are omitted, and the list does not include vessels lost on the Great Lakes or inland rivers.]

Name.	How.	Gross tonnage.	Age.	Remarks.
STEAMSHIPS.				
Gulf Stream.....	Stranded .....	998	42	
John J. Hill.....	Foundered .....	974	11	Formerly lake steamer.
S. V. Luckenbach.....	do .....	2, 674	13	Formerly British steamer.
Saginaw.....	Collision .....	1, 835	20	Do.
George W. Kelley.....	Foundered .....	483	25	Do.
South Portland.....	Stranded .....	909	20	Do.
Kiowa.....	Collision .....	2, 953	0	
SHIPS.				
Florence.....	Foundered .....	1, 684	26	
Helen Brewer.....	do .....	1, 582	12	Formerly Hawaiian ship.
Benjamin Sewall.....	Stranded .....	1, 433	29	
Clarence S. Bement.....	Burnt.....	1, 998	20	
Henry B. Hyde.....	Stranded .....	2, 583	20	
BARKS AND BARKENTINES.				
Abiel Abbot.....	Stranded .....	589	28	
Nineveh.....	Foundered .....	494	29	
Alex McNeill.....	Stranded .....	1, 122	34	
E. S. Powell.....	do .....	577	29	
Justine H. Ingersoll.....	do .....	808	27	
Eleanor M. Williams.....	do .....	717	13	
Lottie Moore.....	Foundered .....	880	26	
Undaunted.....	Condemned .....	1, 764	34	Now a coal barge.
Hiram Emery.....	Stranded .....	799	26	
Mauna Ala.....	do .....	820	40	Formerly British ship.
John R. Stanhope.....	Abandoned.....	406	26	
James H. Hamlen.....	Stranded .....	672	14	Formerly British bark.
Samuel H. Nickerson.....	Abandoned.....	755	25	
Lillian.....	Stranded .....	620	31	
BRIGS OR BRIGANTINES.				
Sunlight.....	do .....	378	22	
D. A. Small.....	Sunk .....	119	35	
SCHOONERS.				
Celeste.....	Stranded .....	403	1	
James G. Blaine.....	do .....	103	12	Fishing schooner.
Viola Reppard.....	do .....	407	21	
Carrie Belle.....	Abandoned.....	274	30	
Emeline G. Sawyer.....	Stranded .....	145	43	
Harriet W. Babson.....	do .....	135	1	Do.
Percy & Lillie.....	Foundered .....	503	13	
Anna L. Mulford.....	Abandoned.....	543	24	
Rebecca.....	Stranded .....	141	24	
R. & T. Hargraves.....	Collision .....	783	12	
Wm. H. Shubert.....	Stranded .....	642	19	
C. S. Glidden.....	do .....	1, 245	5	
Sarah Potter.....	do .....	369	30	
Dreadnaught.....	Collision .....	420	26	
John F. Kranz.....	Stranded .....	546	32	
Nimrod.....	Collision .....	293	12	
O. M. Marrett.....	do .....	164	34	
Carrigan.....	Stranded .....	221	41	
E. H. Weaver.....	Abandoned.....	686	21	
John H. Buttrick.....	Stranded .....	627	12	
Geo. C. Thomas.....	Foundered .....	1, 447	3	
Bella Russell.....	Abandoned.....	222	31	Now barge.
Margaret Ward.....	Collision .....	1, 074	1	
Bertha Louise.....	Foundered .....	231	13	
Albert T. Stearns.....	Stranded .....	508	20	
Webster Barnard.....	do .....	150	35	
Agnes E. Manson.....	do .....	842	14	
Gloriana.....	do .....	110	12	Fishing schooner.
J. M. Kennedy.....	do .....	120	54	
Scythia.....	do .....	135	1	Do.
Chas. Linthicum.....	do .....	131	11	
Mary F. Godfrey.....	do .....	446	21	

Name.	How.	Gross tonnage.	Age.	Remarks.
SCHOONERS—continued.				
Washington B. Thomas .....	Stranded .....	2, 638	0	
Lucy H. Russell .....	do .....	1, 166	16	
Clover .....	Abandoned .....	229	14	
John Booth .....	Collision .....	414	11	
Henry F. Mason .....	Sunk .....	720	19	
Jennie R. Dubois .....	Collision .....	2, 227	1	
Geo. F. Edmunds .....	Stranded .....	149	16	Fishing schooner.
Hattie A. Marsh .....	do .....	436	15	
Martha T. Thomas .....	do .....	789	12	
Sea Bird .....	Sunk .....	187	34	
Yreka .....	Stranded .....	120	30	
J. B. Holden .....	do .....	410	20	
Mabel Rose .....	do .....	388	29	
Nellie W. Howlett .....	do .....	568	19	
Joseph Manta .....	do .....	116	3	Whaling schooner.
Maud Snare .....	do .....	279	20	
Post Boy .....	do .....	171	31	
Glenfield .....	Abandoned .....	568	19	Formerly barkentine.
Gem .....	do .....	564	42	
John W. Linnell .....	do .....	994	13	
Break of Day .....	do .....	127	14	
Ira Bliss .....	do .....	174	56	
Alice M. Jacobs .....	Stranded .....	221	1	Steam fishing schooner.
Independence .....	do .....	137	2	Fishing schooner.
Anglo-Saxon .....	Foundered .....	104	4	Do.
Navahoe .....	Stranded .....	133	3	Do.
J. H. Parker .....	do .....	548	19	
Belle J. Neal .....	do .....	100	19	Do.
C. R. Flint .....	do .....	266	33	
Joseph J. Pharo .....	do .....	261	37	
S. P. Hitchcock .....	do .....	605	25	
Geo. M. Brainard .....	Foundered .....	242	31	
Rebecca A. Taulane .....	Abandoned .....	449	22	
Joseph W. Brooks .....	Stranded .....	840	14	
Lena R. Storer .....	do .....	250	31	
Sarah C. Ropes .....	do .....	1, 135	13	
Augustus Hunt .....	do .....	1, 200	22	
Ella Pressey .....	Collision .....	177	32	
E. H. King .....	Stranded .....	106	35	
Fernwood .....	Abandoned .....	136	17	Do.
Francis Shubert .....	Collision .....	217	32	
Laurel .....	Stranded .....	125	13	Do.
A. M. Nicholson .....	Abandoned .....	136	4	Do.
John Crockford .....	do .....	118	55	
BARGES.				
Senator Penrose .....	Abandoned .....	386	34	Formerly steamer Rattlesnake.
Sovereign of the Seas .....	Foundered .....	1, 458	35	Formerly ship.
Jenna Hughes .....	do .....	1, 185	33	Formerly steamer City of Spring- field.
John C. Fitzpatrick .....	do .....	1, 270	11	Formerly lake schooner.
Rosemont .....	Stranded .....	708	8	Built barge.
Afton .....	do .....	242	36	Formerly Nova Scotia bark.
Fidella .....	Foundered .....	356	39	Formerly brigantine.
Bradley .....	do .....	1, 172	29	Formerly bark.
Florrie .....	do .....	1, 080	0	Built barge.
Monarch .....	do .....	1, 451	21	Formerly ship.
Abby Dunn .....	do .....	299	36	Formerly schooner.
Volunteer .....	do .....	413	14	Built barge.
A .....	do .....	944	5	Do.
Elmwood .....	Sunk .....	841	13	Do.
Gilberton .....	do .....	841	13	Do.
Veinticino .....	Abandoned .....	208	3	Do.
Kalmia .....	Sunk .....	910	6	Do.
Georgia .....	Stranded .....	1, 609	3	Do.
Ocean Belle .....	do .....	1, 593	7	Do.
Oracle .....	Foundered .....	1, 133	41	Formerly ship.
J. B. King & Co. No. 17 .....	Stranded .....	357	5	Built barge.
Templar .....	Sunk .....	390	41	Formerly bark.
Puritan .....	Foundered .....	795	16	Built barge.

## FOREIGN-BUILT VESSELS FLYING THE AMERICAN FLAG.

ONE HUNDRED AND FIFTY-THREE FOREIGN-BUILT CRAFT, OF WHICH 132 ARE RUNNING COASTWISE IN DIRECT COMPETITION WITH AMERICAN-BUILT VESSELS.

The last annual report of the Commissioner of Navigation contains the name of every vessel flying the American flag up to June 30, 1903. It states that 153 foreign-built merchant vessels are under the American register, either by the act of July 5,

1884, which allows foreign-built vessels when wrecked in American waters and repaired in an American shipyard to an extent of 75 per cent of their value when so repaired, or by the annexation of Hawaii or Porto Rico, or by special acts of Congress, or prize vessels taken during a war.

The vessels are divided as follows:

Class.	Coasting.		Foreign.	Yachts.	Total.
	No.	Tons.	Tons.	Tons.	Tons.
Steamers .....	65	88,737	49,358	1,033	139,128
Ships .....	12	22,877	.....	.....	22,877
Barks .....	18	19,240	3,254	.....	22,494
Barkentines .....	7	3,580	2,328	.....	5,908
Brigs .....	2	454	403	.....	857
Schooners .....	21	5,709	.....	.....	5,709
Barges .....	28	23,601	.....	.....	23,601
Total .....	158	164,198	55,343	1,033	220,574

#### STEAMERS.

*Ambrosio Bolivar*, 150 tons gross, formerly British *Marie*, then Spanish *Ambrosio Bolivar*, built at Paisley, Scotland, in 1877; coasting.

*Argyll*, 2,953 tons gross, formerly British, built at West Hartlepool, England, in 1892; coasting.

*Aries*, 832 tons gross, formerly British, built at Sunderland, England, in 1862; coasting.

*Arkadia*, 2,206 tons gross, formerly British, built at Stockton, England, in 1895; coasting.

*Australia*, 2,755 tons gross, formerly British, then Hawaiian, built at Glasgow, Scotland, in 1875; foreign.

*Aztec*, 3,508 tons gross, formerly Hawaiian, built at Newcastle, England, in 1894; coasting.

*Barracouta*, 2,152 tons gross, formerly British, then Hawaiian, built at Glasgow, Scotland, in 1883; foreign.

*Bluefields*, 736 tons gross, formerly British *William Coulman*, built at Greenock, Scotland, in 1866; coasting.

*Bowhead*, 381 tons gross, formerly Norwegian *Haardraade*, built at Christiania, Norway, in 1871; whaling.

*Buena Ventura*, 1,685 tons gross, formerly Spanish, built at Sunderland, England, in 1871; has been converted into a coal barge; coasting.

*Carib*, 2,087 tons gross, formerly British *President Garfield*, then Austrian *Kimon*, built at Port Glasgow, Scotland, in 1882; coasting.

*Catania*, 3,269 tons gross, formerly German, built at Glasgow, Scotland, in 1881; coasting.

*Centennial*, 2,075 tons gross, formerly Danish, built at London, England, in 1859; coasting.

*China*, 5,060 tons gross, formerly British, then Hawaiian, built at Govan, Scotland, in 1889; foreign.

*Claudine*, 840 tons gross, formerly Hawaiian, built at Glasgow, Scotland, in 1890; coasting.

*Coamo*, 4,384 tons gross, formerly British *Californian*, built at Glasgow, Scotland, in 1891; coasting.

*Conemaugh*, 2,328 tons gross, formerly British *Sacrobosco*, built at Sunderland, England, in 1882; coasting.

*Czarina*, 1,045 tons gross, formerly British *G. W. Jones*, built at Sunderland, England, in 1883; coasting.

*Dorothy*, 2,214 tons gross, formerly British *Wilster*, built at West Hartlepool, England, in 1898; coasting.

*Edith*, 2,369 tons gross, formerly British *Glenochil*, built at Sunderland, England, in 1882; coasting.

*Edward S. Pease*, 715 tons gross, formerly British *California*, built at Port Dalhousie, Ontario, in 1873; coasting.

*Elihu Thomson*, 896 tons gross, formerly Norwegian *Italia*, built at Newcastle, England, in 1888; coasting.

*Enterprise*, 2,675 tons gross, formerly German *Ehrenfels*, then *St. Georg*, built at Newcastle, England, in 1882; coasting.

- Esther*, 479 tons gross, formerly Norwegian *Antonio Zambrana*, then *Phoenix*, built at Christiania, Norway, in 1890; foreign.
- Evelyn*, 1,963 tons gross, formerly British *Badsworth*, built at Southampton, England, in 1883; coasting.
- Faustian*, 256 tons gross, formerly British *F. M. Foster*, then *Edward H. Jenks*, built at Port Dover, Ontario, in 1882; coasting.
- Florida*, 1,596 tons gross, formerly British *Hondo*, built at Port Glasgow, Scotland, in 1887; coasting.
- Foxhall*, 843 tons gross, formerly British, built at Newcastle, England, in 1885; foreign.
- Garonne*, 3,945 tons gross, formerly British, built at Glasgow, Scotland, in 1871; coasting.
- General McCallum*, 1,396 tons gross, formerly British, built at Glasgow, Scotland, in 1864; coasting.
- George W. Kelley*, 483 tons gross, formerly British *Anglian*, then *Joseph Oteri, jr.*, built at Glasgow, Scotland, in 1878; foreign.
- Harry Luckenbach*, 2,798 tons gross, formerly British *Surrey*, then Norwegian *Michigan*, built at West Hartlepool, England, in 1881; coasting.
- Hector*, 2,929 tons gross, formerly British *Lilburn Tower*, then Spanish *Pedro*, built at New Castle, England, in 1883; coasting.
- Helen C.*, 622 tons gross, formerly British *Quebec*, then *F. E. Spinner*, built at Chatham, Ontario, in 1874; coasting.
- Heroine*, 180 tons gross, formerly British, built at Glasgow, Scotland, in 1862; coasting.
- J. L. Luckenbach*, 4,920 tons gross, formerly German *Saale*, built at Glasgow, Scotland, in 1886; coasting.
- Julia Luckenbach*, 3,100 tons gross, formerly Dutch *Zaandam*, then Austrian *Styria*, built at Rotterdam in 1882; coasting.
- Lassell*, 1,972 tons gross, formerly British, built at Newcastle, England, in 1879; coasting.
- Leelanaw*, 1,923 tons gross, formerly British *Earnwell*, built at Newcastle, England, in 1886; coasting.
- Matanzas*, 3,094 tons gross, formerly Spanish *Guido*, built at Belfast, Ireland, in 1883; foreign.
- May*, 652 tons gross, formerly British, built at Troon, Scotland, in 1891; yacht.
- Mineola*, 2,438 tons gross, formerly British, built at Sunderland, England, in 1887; coasting.
- Navahoe*, 1,879 tons gross, formerly German *Thuringia*, then British *Navahoe*, built at Hamburg, Germany, in 1880; coasting.
- Neshanic*, 271 tons gross, formerly British *Nictaux*, then *Elta Moore*, built at Cornwallis, Nova Scotia, in 1870; coasting.
- New York*, 10,798 tons gross, formerly British *City of New York*, built at Clydebank, Scotland, in 1888; foreign.
- Olympia*, 2,837 tons gross, formerly British *Dunbar Castle*, then *Olympia*, built at Glasgow, Scotland, in 1883; foreign.
- Oneida*, 1,322 tons gross, formerly British *El Callao*, built at Leith, Scotland, in 1885; coasting.
- Pensacola*, 1,696 tons gross, formerly British *New Borough*, built at West Hartlepool, England, in 1888; foreign.
- Peter Smith*, 161 tons gross, formerly British *Little Ada*, built at Renfrew, Scotland, in 1863; coasting.
- Pewaukee*, 310 tons gross, formerly British *Two Friends*, built at Port Burwell, Ontario, in 1873; coasting.
- Philadelphia*, 10,786 tons gross, formerly British *City of Paris*, built at Clydebank, Scotland, in 1889; foreign.
- Roma*, 2,939 tons gross, formerly British, built at Sunderland, England, in 1889; coasting.
- Rosecrans*, 2,976 tons gross, formerly British *Methven Castle*, then *Columbia*, built at Glasgow, Scotland, in 1883; coasting.
- S. Oteri*, 1,043 tons gross, formerly British, then Italian, built at Middlesboro, England, in 1881; foreign.
- Samson*, 181 tons gross, formerly British, built at St. Catherines, Ontario, in 1866; coasting.
- San Mateo*, 2,926 tons gross, formerly British *Charters Tower*, then Hawaiian, built at South Shields, England, in 1888; coasting.
- Seythian*, 302 tons gross, formerly British, built at Port Glasgow, Scotland, in 1885; coasting.
- Shawmut*, 1,624 tons gross, formerly British *Enchantress*, built at Sunderland, England, in 1879; coasting.

*South Portland*, 909 tons gross, formerly British *Dawn*, then *Caroline Miller*, built at Grangemouth, England, in 1883; coasting.

*Stillwater*, 1,019 tons gross, formerly British *Stroma*, built at Glasgow, Scotland, in 1883; foreign.

*Tacoma*, 2,811 tons gross, formerly British *Batavia*, then *Tacoma*, built at Dumbarton, Scotland, in 1870; foreign.

*Vasco*, 298 tons gross, formerly British *Cromer*, then Spanish *Vasco*, built at New Castle, England, in 1893; coasting.

*Victoria*, 3,502 tons gross, formerly British *Parthia*, then *Victoria*, built at Dumbarton, Scotland, in 1870; foreign.

*Washtenaw*, 2,896 tons gross, formerly British *Oxford*, built at West Hartlepool, England, in 1887; coasting.

*Zealandia*, 2,730 gross tons, formerly British, then Hawaiian, built at Govan, Scotland, in 1875; coasting.

#### SHIPS.

*Balclutha*, 1,716 tons gross, formerly British, then Hawaiian, built at Glasgow, Scotland, in 1886.

*Bangalore*, 1,743 tons gross, formerly British, built at Stockton, England, in 1886.

*Falls of Clyde*, 1,809 tons gross, formerly British, then Hawaiian, built at Port Glasgow, Scotland, in 1878.

*Port George*, 1,769 tons gross, formerly British, then Hawaiian, built at Belfast, Ireland, in 1884.

*Hawaiian Isles*, 2,148 tons gross, formerly Hawaiian, built at Glasgow, Scotland, in 1892.

*Helen Brewer*, 1,582 tons gross, formerly Hawaiian, built at Glasgow, Scotland, in 1891.

*John Ena*, 2,842 tons gross, formerly Hawaiian, built at Glasgow, Scotland, in 1892.

*Kenilworth*, 2,293 tons gross, formerly British, built at Port Glasgow, Scotland, in 1887.

*Marion Chilcott*, 1,737 tons gross, formerly British, built at Glasgow, Scotland, in 1882.

*Star of France*, 1,644 tons gross, formerly British, then Hawaiian, built at Belfast, Ireland, in 1877.

*Star of Italy*, 1,613 tons gross, formerly British, then Hawaiian, built at Belfast, Ireland, in 1877.

*Star of Russia*, 1,981 tons gross, formerly British, then Hawaiian, built at Belfast, Ireland, in 1874.

#### BARKS.

*Abby Palmer*, 1,943 tons gross, formerly British, built at Dumbarton, Scotland in 1893.

*Andrew Welch*, 903 tons gross, formerly Hawaiian, built at Glasgow, Scotland, in 1888.

*Annie Johnson*, 1,049 tons gross, formerly British, built at Harrington, England, in 1872.

*Coalinga*, 1,001 tons gross, formerly British, built at Dundee, Scotland, in 1868.

*Diamond Head*, 1,012 tons gross, formerly British, then Hawaiian, built at London, England, in 1866.

*E. C. Mowatt*, 1,123 tons gross, formerly British, built at Glasgow, Scotland, in 1868.

*Euterpe*, 1,318 tons gross, formerly British, then Hawaiian, built at Ramsay, Scotland, in 1863.

*Fooking Suey*, 1,048 tons gross, formerly Hawaiian, built at Glasgow, Scotland, in 1888.

*Himalaya*, 1,027 tons gross, formerly British, then Hawaiian, built at Sunderland, England, in 1863.

*Hindoo*, 622 tons gross, formerly Norwegian, built at Apenrade, Germany, in 1877.

*Homeward Bound*, 2,131 tons gross, formerly British, then German, built at Belfast, Ireland, in 1885.

*Mauna Ala*, 820 tons gross, formerly British, then Hawaiian, built at Sunderland, England, in 1863.

*Nuuanu*, 1,029 tons gross, formerly British, then Hawaiian, built at Leith, Scotland, in 1882.

*R. P. Rithet*, 1,097 tons gross, formerly Hawaiian, built at Glasgow, Scotland, in 1892.

*Roderick Dhu*, 1,534 tons gross, formerly British, then Hawaiian, built at Sunderland, England, in 1874.

*Santiago*, 979 tons gross, formerly British, then Hawaiian, built at Belfast, Ireland, in 1885.

*Star of Bengal*, 1,877 tons gross, formerly British, then Hawaiian, built at Belfast, Ireland, in 1873.

*Willscott*, 1,981 tons gross, formerly British, then Hawaiian, built at Port Glasgow, in 1896.

## BARKENTINES.

*Andromeda*, 1,243 tons gross, formerly British, built at Liverpool, England, in 1862.

*Archer*, 900 tons gross, formerly British, built at Sunderland, England, in 1876.

*Coronado*, 1,062 tons gross, formerly British, then German, built at Sunderland, England, in 1874.

*Hawaii*, 1,085 gross tons, formerly Chilean, built at Dumbarton, Scotland, in 1900.

*James H. Hamlen*, 672 tons gross, formerly British, built at Liverpool, Nova Scotia, in 1889.

*Ruth*, 488 tons gross, formerly British, then French, built at Sunderland, England, in 1860.

*Westfield*, 458 tons gross, formerly British, built at Carrickfergus, Ireland, in 1891.

## BRIGS.

*Alcaea*, 403 tons gross, formerly British, built at St. Martins, New Brunswick, in 1883.

*Gabrielle*, 454 tons gross, formerly Italian, then British, built at Alimuri, Italy, in 1878.

## SCHOONERS.

*Alma*, 134 tons gross, formerly British, built at Clifton, New Brunswick, in 1882.

*Americana*, 900 tons gross, formerly Hawaiian, built at Grangemouth, England, in 1892.

*Bat*, 101 tons gross, formerly British, built at Wickham, New Brunswick, in 1874.

*Clara E. Comee*, 138 tons gross, formerly British, built at Bear River, Nova Scotia, in 1888.

*Elgin*, 330 tons gross, formerly British, built at St. Catharines, Ontario, in 1874.

*Ella Clifton*, 108 tons gross, formerly British, built at St. John, New Brunswick, in 1872.

*Ellen M. Baxter*, 216 tons gross, formerly British, built at Wellington Square, Canada, in 1861.

*Eugenia Vesta*, 140 tons gross, formerly British, built at Port Credit, Ontario, in 1876.

*Honolulu*, 1,053 tons gross, formerly Hawaiian, built at Port Glasgow, Scotland, in 1896.

*J. Arthur Lord*, 212 tons gross, formerly British, built at Kempt, Nova Scotia, in 1881.

*Manitou*, 333 tons gross, formerly British, built at Port Dalhousie, Ontario, in 1873.

*Mildred E.*, 118 tons gross, formerly British, built at Meteghan, Nova Scotia, in 1884.

*Newburgh*, 524 tons gross, formerly British, built at Windsor, Nova Scotia, in 1888.

*Olive*, 172 tons gross, formerly British, built at Port Greville, Nova Scotia, in 1891.

*Pirineo*, 130 tons gross, formerly Spanish, built at Remedios, Cuba, in 1848.

*Rondo*, 107 tons gross, formerly British, built at Belle Isle, New Brunswick, in 1882.

*S. H. Sawyer*, 107 tons gross, formerly British, built at Dorchester, New Brunswick, in 1883.

*Salvor*, 170 tons gross, formerly British, built at Noel, Nova Scotia, in 1891.

*Selkirk*, 307 tons gross, formerly British, built at Wallaceburg, Ontario, in 1862.

*Thomas B. Reed*, 115 tons gross, formerly British, built at Newcastle, New Brunswick, in 1882.

*W. W. Stewart*, 294 tons gross, formerly British, built at Sarnia, Ontario, in 1866

## BARGES.

*Ariadne*, 529 tons gross, formerly German, built at Funfhausen, Germany, in 1880.

*Baker*, 996 tons gross, formerly Norwegian, built at Bergen, Norway, in 1876.

*Clintonia*, 1,876 tons gross, formerly British, built at Newcastle, England, in 1881.

*Coal King*, 1,417 tons gross, formerly British, built at Annapolis, Nova Scotia, in 1878.

*Conemaugh*, 1,774 tons gross, formerly British, built at Liverpool, England, in 1879.

*Davidson*, 959 tons gross, formerly British, then Norwegian, built at Cornwallis, Nova Scotia, in 1869.

*Dessoug*, 1,382 tons gross, formerly British, then Egyptian, built at Hartlepool, England, in 1864.

*Felix*, 1,174 tons gross, formerly German, built at Port Glasgow, Scotland, in 1891.  
*Florida*, 1,071 tons gross, formerly British, then German, built at Port Glasgow, Scotland, in 1871.

*Kingston*, 1,070 tons gross, formerly British, built at Dorchester, New Brunswick, in 1875.

*Marie*, 1,043 tons gross, formerly British, then German, built at St. John, New Brunswick, in 1857.

*Montana*, 852 tons gross, formerly British, then Norwegian, built at Port Gilbert, Nova Scotia, in 1870.

*West Point*, 1,213 tons gross, formerly British, built at Glasgow, Scotland, in 1866.

*Ajax*, 688 tons gross, formerly British, then Russian, built at Tynemouth, New Brunswick, in 1872.

*Black Diamond*, 121 tons gross, formerly Norwegian, built at Stavanger, Norway, in 1875.

*Busy*, 327 tons gross, formerly British, built at Halifax, Nova Scotia, in 1869.

*Colleen*, 548 tons gross, formerly Swedish, built at Umea, Sweden, in 1874.

*Ellida*, 1,268 tons gross, formerly Italian, then Uruguayan, built at Alblasserdam, Holland, in 1878.

*Fairy Belle*, 629 tons gross, formerly British, built at Quebec, Canada, in 1871.

*Glenola*, 135 tons gross, formerly British, built at Advocate, Nova Scotia, in 1891.

*Louis H.*, 323 tons gross, formerly Swedish, built at Sikka, Sweden, in 1884.

*Maria Dolores*, 333 tons gross, formerly Spanish, built at Manila in 1864.

*New Jersey*, 1,347 tons gross, formerly British, then Russian, built at Barrow, England, in 1877.

*Nora*, 761 tons gross, formerly British, then Norwegian, built at Quebec, Canada, in 1865.

*Skudesnaes*, 398 tons gross, formerly Norwegian, built at Skudesnaes, Norway, in 1876.

*Tobasco*, 265 tons gross, formerly Spanish.

*Vineta*, 668 tons gross, formerly Norwegian, then German, built at Elsfleth, Germany, in 1877.

*William & Joseph Hagan*, 234 tons gross, formerly Norwegian, built at Oyster-Risoe, Norway, in 1875.

#### SQUARE-RIGGED VESSELS.

According to the Annual List of Merchant Vessels of the United States there were afloat officially on July 1, 1903, 350 square-rigged vessels flying the American flag. Since that time none have been built in this country, nor have any been placed under our flag.

From a careful compilation made by Samuel B. Macdonnell, the editor of the Maritime Journal, we have to-day only 328 of them left, and four or five more of them are probably no longer afloat or have been cut down into hulks or barges.

#### *The fleet on July 1, 1903.*

[Officially reported in the Annual List of Merchant Vessels of the United States.]

	Number.	Gross tonnage.
Ships.....	96	185,823
Barks.....	142	137,726
Barkentines.....	88	61,564
Brigantines.....	24	9,652
Total.....	350	394,765

Taking the above figures for correct on that day and deduct the following vessels that we know are no longer ships, barks, barkentines, or brigs, we have a loss of 7 ships, 13 barks, 1 barkentine, and 1 brig.

Rig.	July 1, 1903.		Lost since.	
	Number.	Tonnage.	Number.	Tonnage.
Ships.....	90	185,823	7	12,275
Barks.....	142	137,726	13	13,408
Barkentines.....	88	61,564	1	672
Brigs.....	24	9,652	1	119
Total.....	350	394,765	22	26,474

*The fleet on January 1, 1870.*

	Ships.	Barks.	Brigs.	Total.
January 1, 1870.....	731	889	675	2,295
July 1, 1903.....	96	230	24	350
Decrease .....	635	659	651	1,945

(No longer square riggers.)

## SHIPS.

Benjamin Sewall, lost .....	1,433
Clarence S. Bement, lost.....	1,998
Florence, lost .....	1,684
Helen Brewer, lost.....	1,582
Henry B. Hyde, lost .....	2,583
Invincible, now a schooner .....	1,460
State of Maine, now a barge.....	1,535
Total .....	12,275

## BARKS.

Alice Reed, lost .....	873
Hiram Emery, lost.....	799
John R. Stanhope, lost .....	406
Lillian, lost .....	620
Mauna Ala, lost .....	820
Samuel H. Nickerson, lost.....	755
B. D. Metcalf, now a barge .....	1,188
Herbert Black, now a barge.....	573
Hindoo, now a barge .....	622
J. B. Walker, now a barge.....	2,178
Oregon, now a barge .....	1,430
Sachem, now a barge .....	1,380
Undaunted, now a barge.....	1,764
Total .....	13,408

## BARKENTINES.

James H. Hamlen .....	672
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## BRIGS.

D. A. Small .....	119
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The following square-rigged vessels were reported in the last annual list of merchant vessels, compiled to July 1, 1903:

Vessels marked \* are lost. Vessels marked † have been cut down to barges. Vessels marked ‡ have been altered into 5-masted baldheaded schooners.

Name.	Where built.	Gross tonnage.	When built.
SHIPS.			
A. G. Ropes .....	New York.....	2,460	1884
A. J. Fuller .....	San Francisco.....	1,848	1881
Abner Coburn.....	do .....	1,972	1882
Acme.....	New York.....	3,288	1901
Agenor.....	Boston.....	1,487	1870
Alexander Gibson.....	San Francisco.....	2,194	1877
America.....	Seattle.....	2,054	1874
Arthur Sewall .....	Bath .....	3,209	1899
Aryan.....	do.....	2,123	1893
Astral.....	New York.....	3,292	1901
Atlas.....	do.....	3,981	1902
Balclutha.....	Port Townsend....	1,716	1886



Name.	Where built.	Gross tonnage.	When built.
SHIPS—continued.			
Bangalore .....	New York .....	1,743	1886
*Benjamin Sewall .....	Boston .....	1,433	1874
Benjamin F. Packard .....	Bath .....	2,156	1883
Berlin .....	San Francisco .....	1,634	1882
Bohemia .....	do .....	1,633	1875
C. F. Sargent .....	do .....	1,704	1874
Centennial .....	do .....	1,286	1875
Charles E. Moody .....	do .....	2,003	1882
*Clarence S. Bement .....	do .....	1,998	1884
Columbia .....	do .....	1,471	1871
Dirigo .....	Bath .....	3,004	1894
E. B. Sutton .....	New York .....	1,826	1881
Eclipse .....	San Francisco .....	1,594	1878
Edward Sewali .....	Bath .....	3,406	1899
Elwell .....	San Francisco .....	1,461	1875
Emily Reed .....	do .....	1,564	1880
Emily F. Whitney .....	do .....	1,317	1880
Erskine M. Phelps .....	Bath .....	2,998	1898
Falls of Clyde .....	San Francisco .....	1,809	1878
*Florence .....	do .....	1,684	1877
Fort George .....	do .....	1,769	1884
George Curtis .....	do .....	1,837	1884
Glory of the Seas .....	Boston .....	2,102	1869
Governor Robie .....	San Francisco .....	1,712	1883
Great Admiral .....	New York .....	1,575	1869
Harvard .....	Boston .....	1,603	1884
Hawaiian Isles .....	San Francisco .....	2,145	1892
Hecla .....	do .....	1,529	1877
*Helen Brewer .....	Boston .....	1,582	1891
Henry Failing .....	San Francisco .....	1,976	1882
Henry Villard .....	do .....	1,552	1882
*Henry B. Hyde .....	do .....	2,583	1884
I. F. Chapman .....	New York .....	2,145	1882
Indiana .....	San Francisco .....	1,487	1876
†Invincible .....	do .....	1,460	1873
J. B. Brown .....	do .....	1,550	1874
Jabez Howes .....	do .....	1,648	1877
James Drummond .....	do .....	1,556	1881
John Currier .....	do .....	1,945	1882
John Ena .....	do .....	2,842	1892
John A. Briggs .....	do .....	2,110	1878
John C. Potter .....	do .....	1,244	1869
Joseph B. Thomas .....	do .....	1,938	1881
Kenilworth .....	New York .....	2,293	1887
Kennebec .....	San Francisco .....	2,126	1883
Llewellyn J. Morse .....	do .....	1,392	1877
Louis Walsh .....	do .....	1,556	1861
Lucile .....	do .....	1,402	1874
Luzon .....	New York .....	1,390	1881
M. P. Grace .....	San Francisco .....	1,928	1875
McLaurin .....	Boston .....	1,374	1879
Manuel Llaguno .....	New York .....	1,732	1879
Marion Chilcott .....	San Francisco .....	1,737	1882
Occidental .....	do .....	1,533	1874
Oriental .....	do .....	1,688	1874
Paramita .....	do .....	1,582	1879
Paul Revere .....	New York .....	1,735	1876
Reuce .....	San Francisco .....	1,924	1881
Roanoke .....	Bath .....	3,539	1892
S. D. Carleton .....	San Francisco .....	1,882	1890
S. P. Hitchcock .....	New York .....	2,305	1883
St. David .....	San Francisco .....	1,595	1877
St. Frances .....	do .....	1,899	1882
St. Nicholas .....	do .....	1,798	1869
St. Paul .....	do .....	1,893	1874
Santa Clara .....	do .....	1,535	1876
Sea Witch .....	do .....	1,280	1872
Servia .....	do .....	1,566	1883
Shenandoah .....	Bath .....	3,406	1890
Sintram .....	San Francisco .....	1,656	1877
Spartan .....	do .....	1,448	1874
Standard .....	do .....	1,534	1878
Star of France .....	Port Townsend .....	1,644	1877
Star of Italy .....	do .....	1,613	1877
Star of Russia .....	San Francisco .....	1,981	1874
†State of Maine .....	New York .....	1,535	1878
Susquehanna .....	Bath .....	2,744	1891
Tacoma .....	San Francisco .....	1,738	1881
Tillie E. Starbuck .....	do .....	2,025	1883
Two Brothers .....	do .....	1,382	1868
W. F. Babcock .....	Bath .....	2,130	1882
William H. Macy .....	San Francisco .....	2,202	1883
William H. Smith .....	do .....	1,978	1883
William P. Frye .....	Bath .....	3,374	1901

Name.	Where built.	Gross tonnage.	When built.
BARKS.			
A. R. Tucker	New Bedford	145	1851
Abby Palmer	San Francisco	1,943	1893
Adam W. Spies	New York	1,235	1884
Adolph Obrig	do	1,448	1881
Agate	San Francisco	626	1868
Albert	do	682	1890
Alden Besse	do	842	1871
Alice	New York	858	1881
Alice Knowles	New Bedford	302	1878
*Alice Reed	New York	873	1878
Amy	Baltimore	700	1883
Amy Turner	San Francisco	991	1877
Andrew Hicks	do	303	1867
Andrew Welch	do	903	1888
Annie Johnson	do	1,049	1872
Antioch	Boston	986	1876
Auburndale	do	663	1880
†B. D. Metcalf	Philadelphia	1,188	1856
B. P. Cheney	San Francisco	1,322	1874
Baltimore	Baltimore	722	1888
Benjamin F. Hunt, jr.	Boston	1,190	1882
Bertha	New Bedford	177	1877
Big Bonanza	San Francisco	1,472	1875
Boylston	Boston	568	1879
C. D. Bryant	San Francisco	929	1878
California	New Bedford	366	1842
Canton	do	238	1835
Carondelet	Port Townsend	1,438	1872
Carrie Winslow	Portland	943	1880
Carrollton	San Francisco	1,450	1872
Challenger	do	1,456	1877
Charles Loring	New York	552	1878
Charles B. Kenney	San Francisco	1,128	1878
Charles G. Rice	New York	715	1879
Charles W. Morgan	New Bedford	313	1841
Charmar	San Francisco	1,885	1881
Coalinga	do	1,001	1868
Coloma	do	852	1869
Coryphene	do	811	1878
Diamond Head	Honolulu	1,012	1866
Dom Pedro II.	Baltimore	489	1878
E. C. Mowatt	Philadelphia	1,123	1868
Edmund Phinney	Portland	751	1873
Edward May	San Francisco	928	1874
Edward L. Mayberry	New York	656	1878
Electra	San Francisco	985	1868
Essex	New Haven	662	1870
Ethel	Newark	734	1881
Euterpe	San Francisco	1,318	1863
Evie J. Ray	Portland, Oreg.	956	1878
Ferris S. Thompson	Seattle	531	1874
Flourine	New York	886	1881
Foohng Suey	Boston	1,048	1888
Francis S. Hampshire	New York	1,079	1881
Fred P. Litchfield	do	1,085	1876
Freeman	Boston	1,197	1878
Fresno	Port Townsend	1,244	1874
Gatherer	San Francisco	1,509	1874
Gay Head	do	265	1877
General Fairchild	do	1,427	1874
Gerard C. Tobey	do	1,459	1878
Grace Deering	New York	733	1877
Grey Hound	New Bedford	177	1851
Guy C. Goss	Seattle	1,572	1879
H. G. Johnson	Boston	1,082	1877
Harry Morse	San Francisco	1,365	1871
Harvester	Seattle	754	1871
Haydn Brown	San Francisco	864	1876
Helen A. Wyman	New York	1,717	1881
†Herbert Black	Boston	573	1873
Hesper	San Francisco	895	1882
Himalaya	do	1,027	1868
†Hindoo	Key West	622	1877
*Hiram Emery	Boston	799	1877
Holliswood	New York	1,141	1893
Homeward Bound	San Francisco	2,131	1885
Isaac Reed	do	1,541	1875
†J. B. Walker	New York	2,178	1879
J. D. Peters	Seattle	1,085	1876
Jacob A. Stamler	New York	1,090	1856
James Nesmith	San Francisco	1,735	1877
James A. Wright	Philadelphia	933	1877
*John R. Stanhope	Mobile	406	1877
John & Winthrop	San Francisco	338	1876

Name.	Where built.	Gross tonnage.	When built.
BARKS—continued.			
Josephine .....	Boston .....	384	1877
Julia .....	New York .....	798	1877
Julia Rollins .....	Baltimore .....	616	1884
Kaialani .....	San Francisco .....	1,570	1899
Kate Davenport .....	do .....	1,248	1866
Levi G. Burgess .....	do .....	1,616	1877
*Lillian .....	Boston .....	620	1873
Louisiana .....	San Francisco .....	1,436	1873
Martha Davis .....	do .....	870	1873
Mary L. Cushing .....	do .....	1,658	1883
Matanzas .....	Philadelphia .....	1,028	1889
*Mauna Ala .....	San Francisco .....	820	1863
Mohican .....	do .....	852	1872
Morning Star .....	New Bedford .....	238	1853
Nicolas Thayer .....	San Francisco .....	584	1868
Normandy .....	Portland .....	1,208	1877
Nuuanu .....	Boston .....	1,029	1882
Oakland .....	Port Townsend .....	534	1865
Olympic .....	San Francisco .....	1,469	1892
Onaway .....	Portland .....	982	1888
†Oregon .....	San Francisco .....	1,430	1875
Pactolus .....	do .....	1,678	1891
Palmyra .....	Port Townsend .....	1,859	1876
Penobscot .....	Boston .....	1,133	1878
Platina .....	New Bedford .....	214	1847
President .....	do .....	123	1849
Prussia .....	San Francisco .....	1,212	1868
R. P. Rithet .....	do .....	1,097	1892
Reaper .....	do .....	1,468	1876
Rebecca Crowell .....	Boston .....	586	1873
Roderick Dhu .....	San Francisco .....	1,534	1874
Rufus E. Wood .....	do .....	1,477	1875
S. C. Allen .....	Port Townsend .....	690	1888
†Sachem .....	Boston .....	1,380	1876
St. James .....	San Francisco .....	1,578	1883
St. Katherine .....	do .....	1,201	1890
St. Mary .....	New York .....	708	1869
*Samuel H. Nickerson .....	Machias .....	755	1878
Santiago .....	San Francisco .....	979	1885
Saranac .....	New York .....	1,080	1880
Sea King .....	San Francisco .....	1,491	1877
Shetland .....	Boston .....	643	1878
Silicon .....	New York .....	448	1887
Sonoma .....	San Francisco .....	1,063	1868
Star of Bengal .....	do .....	1,377	1873
Sunbeam .....	New Bedford .....	255	1856
Thomas A. Goddard .....	Boston .....	715	1874
Tidal Wave .....	San Francisco .....	808	1869
Tillie Baker .....	New York .....	719	1876
†Undaunted .....	San Francisco .....	1,764	1869
Vidette .....	do .....	616	1865
Virginia .....	New York .....	749	1877
W. B. Flint .....	San Francisco .....	835	1885
Wanderer .....	New Bedford .....	303	1878
Willard Mudgett .....	Boston .....	875	1874
Will W. Case .....	San Francisco .....	582	1877
Willscott .....	do .....	1,981	1896
Yosemite .....	do .....	1,153	1868
BARKENTINES.			
Addenda .....	San Francisco .....	692	1895
Addie Merrill .....	Boston .....	654	1882
Allanwilde .....	do .....	638	1884
Amaranth .....	San Francisco .....	1,109	1901
Amazon .....	do .....	1,167	1902
Amelia .....	Port Townsend .....	397	1870
Arago .....	San Francisco .....	498	1891
Archer .....	do .....	900	1876
Arlington .....	Boston .....	592	1883
Aurora .....	San Francisco .....	1,211	1901
Benecia .....	do .....	674	1899
Bonny Doon .....	New York .....	570	1876
Bruce Hawkins .....	Philadelphia .....	614	1889
Charles F. Crocker .....	San Francisco .....	855	1890
Chehalls .....	do .....	690	1891
City of Papeete .....	do .....	389	1883
Coronada .....	do .....	1,062	1874
Daisy Read .....	New York .....	468	1882
Echo .....	San Francisco .....	707	1896
Elmfranda .....	Boston .....	644	1874
Emita .....	New York .....	522	1883
Encore .....	Coos Bay .....	651	1897
Ethel V. Boynton .....	Machias .....	739	1890

Name.	Where built.	Gross tonnage.	When built.
BARKENTINES—continued.			
Frances .....	Baltimore .....	670	1887
Fremont .....	San Francisco .....	345	1850
Fullerton .....	Los Angeles .....	1,554	1902
Gardiner City .....	San Francisco .....	475	1889
George C. Perkins .....	do .....	388	1880
Georgia .....	do .....	998	1901
Glad Tidings .....	Baltimore .....	654	1883
Gleaner .....	San Francisco .....	413	1892
Good News .....	Baltimore .....	712	1889
Hancock .....	Boston .....	412	1869
Hattie G. Dixon .....	New York .....	528	1876
Hawaii .....	San Francisco .....	1,085	1900
Herbert Fuller .....	Machias .....	781	1890
Irmgard .....	San Francisco .....	670	1889
J. B. Rabel .....	New York .....	450	1882
J. M. Griffith .....	Port Townsend .....	606	1882
James Johnson .....	San Francisco .....	1,149	1901
James Tuft .....	do .....	1,274	1901
James H. Hamlen .....	Portland .....	672	1889
Jane L. Stanford .....	San Francisco .....	970	1892
Jennie Sweeney .....	Philadelphia .....	643	1875
John Palmer .....	San Francisco .....	1,187	1900
John Smith .....	do .....	588	1882
John Swan .....	New York .....	721	1889
John C. Meyer .....	San Francisco .....	932	1902
John S. Emery .....	Boston .....	919	1890
Joseph L. Eviston .....	San Francisco .....	755	1900
Josephine .....	Baltimore .....	940	1896
Katie Flickinger .....	San Francisco .....	472	1876
Klikitat .....	Port Townsend .....	493	1881
Kohala .....	San Francisco .....	891	1901
Koko Head .....	do .....	1,084	1902
Kremlin .....	Boston .....	786	1890
Lahaina .....	San Francisco .....	1,067	1901
Mabel I. Meyers .....	Searsport .....	750	1891
Makawell .....	San Francisco .....	899	1902
Mannie Swan .....	New York .....	776	1892
Mary Barry .....	Portland .....	608	1882
Mary Winkelman .....	San Francisco .....	522	1881
Mary C. Hale .....	New York .....	568	1875
Newsboy .....	San Francisco .....	588	1882
Northwest .....	do .....	515	1868
Omega .....	Coos Bay .....	584	1894
Planter .....	San Francisco .....	524	1886
Portland .....	do .....	493	1873
Puako .....	do .....	1,084	1902
Quickstep .....	do .....	423	1876
Rachel Emery .....	Boston .....	673	1883
Retriever .....	Port Townsend .....	547	1881
Robert Sudden .....	San Francisco .....	616	1887
Rose Innes .....	New York .....	835	1881
Ruth .....	do .....	488	1860
S. G. Wilder .....	San Francisco .....	604	1887
S. N. Castle .....	do .....	514	1886
Shawmut .....	Boston .....	468	1866
Skagit .....	Port Townsend .....	506	1883
Stephen G. Hart .....	New York .....	605	1879
Tam O'Shanter .....	San Francisco .....	592	1875
Thomas P. Emigh .....	do .....	1,040	1901
Tropic Bird .....	do .....	347	1882
W. H. Dimond .....	do .....	390	1881
Westfield .....	Jacksonville .....	458	1891
White Wings .....	Baltimore .....	678	1889
Willie R. Hume .....	San Francisco .....	665	1890
Wrestler .....	do .....	470	1880
BRIGATINES.			
Alcaca .....	Baltimore .....	403	1883
Atalanta .....	New York .....	370	1881
C. C. Sweeney .....	Philadelphia .....	622	1873
*D. A. Small .....	Providence .....	119	1868
Daisy .....	New York .....	439	1872
Fredericka Schepp .....	do .....	268	1877
Gabrielle .....	Boston .....	454	1878
Galilee .....	San Francisco .....	354	1891
Geneva .....	do .....	495	1892
Harriet G. .....	do .....	252	1878
Harry Smith .....	Boston .....	520	1875
Havilah .....	New York .....	533	1877
Irene .....	do .....	491	1876
Jennie Hulbert .....	do .....	440	1880
John McDermott .....	do .....	564	1878

Name.	Where built.	Gross tonnage.	When built.
BRIGANTINES—continued.			
John D. Spreckels .....	San Francisco .....	266	1880
John H. Crandon .....	Mobile .....	517	1871
Leonora .....	New Bedford .....	458	1874
Lurline .....	San Francisco .....	358	1887
Motley .....	Machias .....	590	1877
Pitcairn .....	San Francisco .....	156	1890
Sullivan .....	Boston .....	344	1866
Tanner .....	Seattle .....	291	1855
William G. Irwin .....	Port Townsend .....	348	1881

### STATEMENT OF JOHN B. ROACH.

The CHAIRMAN. Mr. Tucker has some letters which he wishes to read.

Mr. TUCKER. These are letters addressed to the chairman of the local committee in charge of arrangements.

OFFICE OF THE DELAWARE RIVER IRON  
SHIP BUILDING AND ENGINE WORKS,  
*Chester, Pa., May 24, 1904.*

Mr. EDWIN S. CRAMP,  
*Chairman Committee on Revival of American Shipping,  
248 The Bourse, Philadelphia, Pa.*

DEAR SIR: I have your letter of the 20th instant, inviting me to appear before the Merchant Marine Commission, which will be in session at your office in The Bourse on Thursday, the 26th instant, for the purpose of giving my views as to the character and kind of national legislative assistance needed to reinstate the mercantile marine of the United States to the position which it formerly held. I will endeavor to be present if it is possible for me to do so, but desire to put myself on record as being firmly of the opinion that assistance must be given by the Government, and that quickly and substantially, if we are to extend our maritime interests or even to retain the little that we have.

As you know, my father devoted a great deal of his time during the busiest days of his life to urging national legislation in aid of American shipping on very much the same lines as are now being considered by those who are interested in the question. If John Roach's views, as advanced thirty years ago, had been carried out, and this country had gotten only a fair share of its own carrying trade, the difference to American mechanics, manufacturers, farmers, shipbuilders, and ship-owners would have been between \$3,000,000,000 and \$4,000,000,000, or probably four times the national debt. This would have been the saving in the amount of money that would have been kept in this country for the materials entering into the construction of ships, the cost of building ships, of supplying them, operating them, and maintaining them during these thirty years.

Had we a great industry of this kind carrying our own freights and earning for American sailors and shipmasters our rightful proportion of the cost of our carrying trade, our national wealth would have been benefited by this great amount, and our people would have had opportunities for employment which would have done much to avert the periodical depressions in our manufacturing lines.

Shipbuilding and ship operating could be made two great national enterprises if the Government at Washington would do as much for American shipbuilding as our competitors in the carrying trade do for theirs.

Trusting that you will have success in your undertaking, I am, very truly, yours,

JOHN B. ROACH, *President.*

### STATEMENT OF LINCOLN K. PASSMORE.

THE PENN MUTUAL LIFE INSURANCE COMPANY,  
*Philadelphia, May 26, 1904.*

GEO. E. BARTOL, Esq.,  
*President, Bourse, Philadelphia, Pa.*

MY DEAR SIR: Referring to your request for suggestions that will aid in the solution of the perplexing problem of the revival and maintenance of an American merchant marine consistent with our standing in other respects with other world powers, beg to say that I would favor almost any legislation that will bring about this condition.

While the admission of foreign-built ships free of duty would perhaps be the quickest solution, yet such legislation seems inconsistent with and inimical to those other policies of our Government which have brought the greatest prosperity to the most of our people.

There seem to be only two other courses open—one of direct subsidy or Government mail and other contracts, with right of use in event of war or other emergencies, and the other that of bounty on exports. The special claims of advantage to either of these remedies have been set forth from time to time in expert testimony, and the very honorable Commission having the general facts before them, it would seem useless to multiply or duplicate reasons in the advocacy of either, but rather to urge upon them the presentation to Congress of a comprehensive policy to place us creditably upon the high seas and sharers in the carrying of at least our own export commodities. If "export bounty" is not possible, then "subsidy." If neither is feasible, then "free ships." In any event, let us have a merchant marine, believing that greater good must come to our people through its successful establishment than to have our present conditions continue.

Very respectfully, yours,

LINCOLN K. PASSMORE.

### STATEMENT OF DAVID C. REID.

THE HARLAN & HOLLINGSWORTH COMPANY,  
*Wilmington, Del., May 25, 1904.*

THE CHAIRMAN OF THE COMMITTEE  
ON THE REVIVAL OF AMERICAN SHIPPING.

SIR: The company of which I have the honor of being president is the oldest established shipbuilding firm in the United States, having begun business in the year 1836. In 1843 they built the first iron seagoing propeller steamer constructed in the United States, the *Bangor*, commenced in 1842 and completed in 1843. The *Bangor* was of 231 tons burden, with twin-screw propeller engines having cylinders 22 inches in diameter by 24-inch stroke of piston. The record

of her trial trip is still in the possession of this company, her average speed on her trial trip being 10.61 miles per hour. Since this time, under varying conditions, the construction of ships has been continued in the Wilmington yards.

It has also been my experience to have had some four years' management of an American line of steamers, and I have also to a certain extent been identified in the management of English and Norwegian steamship property, so that I think I can approach the subject which you have under consideration, not only from the shipbuilder's standpoint, but also as a shipowner.

It is generally conceded that the cost of building steamships in the United States is at a disadvantage in point of increased cost, anywhere from 5 to 50 per cent, as compared with the shipbuilding yards of England, Scotland, Denmark, and Norway. This, to my knowledge, is caused by the higher standard of living demanded by the American workman. If this were the only cause that could be attributed to the falling off in the American merchant marine, the mechanical ingenuity of our people and the natural desire of the American owner to build at home would in a very short time overcome the difficulty. Unfortunately, however, the operating expenses of American ships are, to my knowledge, about double what they are on the foreign vessel.

#### UNDER TWO FLAGS.

As part owner of the steamship *David*, a foreign-built vessel of 1,400 tons, now under the American flag, I would state that this vessel was run in the fruit trade out of New Orleans to Spanish Honduras for two successive years—the first year under the American flag, when the wages account was \$1,280 per month, and the second year under the Norwegian flag, in the same service and at the same charter, the wages account was \$630 per month. On another English-built vessel in which I am interested, to meet the low rate of operating expenses in Norwegian vessels, part of the crew are Asiatics, who are kept on board under the watchful eye of our paternal Government, so as to save the owners from the shipping masters' charges. In the four years during which I had the management of American ships there was little or no complaint made of the personnel of the officers, who were mostly American born, or the character or class of sailors, who were intelligent, respectable men. The firemen were mostly foreigners, who, as a rule, gave much trouble.

#### A NAVAL RESERVE.

In this connection, to my mind, more could be done for the American sailor by establishing a National Naval Reserve on the lines pursued by the British Government, which give the sailors a bounty and retainer, and standard wages for four weeks in each year, during which period they are in training aboard the reserve ship. These ships are to be found in all large coastwise ports of Great Britain. Fishermen and sailor men who go through their regular period of four weeks' training receive during that time proper clothing and about the same rate of pay as they would for day work. There is no doubt in my mind but that the result has been to give all of the naval reserve men of Great Britain a certain amount of standing and self respect, and an education which leaves little to be desired.

Some testimony has been given before this committee to the effect that it is necessary to create a desire to invest in American shipping, but from my own experience and knowledge of conditions in the New England States the investment of money in shipping is much more general than would be supposed.

#### PROTECTION WAS SUCCESSFUL.

The history of the navigation laws of the United States shows that the early navigation laws originated in a compact between the northern and the southern colonies, a compact by which the slave trade was to be allowed to continue for twenty years in consideration of their adoption. The early navigation laws of the United States were enacted by the First and Second Congresses, of 1789, 1790, and 1792, and were signed by President Washington, based very largely on the system established in Great Britain. This consisted in levying tonnage dues and import taxes, discriminating to such an extent in favor of the American shipping as to give it a monopoly in certain trades. The coasting trade was from the first wholly reserved for the exclusive use of American vessels. The law of 1790 provided for a tonnage duty of 30 cents to be levied upon ships of the United States and 50 cents on all foreign vessels. A commission of 10 per cent on goods imported in American bottoms was also allowed. Under these conditions the American mercantile marine almost equaled the whole of the commercial fleets of Europe at the end of forty years.

#### ENCOURAGE BUILDER AND OWNER.

To my mind the revival of American shipping can be accomplished easily by allowing the builder to overcome the difference in the cost of building by a tonnage bonus equivalent to the difference in cost between himself and his European competitors, and mileage allowance sufficient to overcome the difference in wages and expenses paid in American ships used in the foreign trade. I believe I am correct in stating that to-day there are no less than 500 foreign steamers chartered by American firms engaged in the carrying trade to and from American ports, not one of which but would be under the American flag if conditions were equal. The American shipbuilder and ship-owner have been left to fight out an almost hopeless task against the subsidized foreign ship, the evil being accentuated, inasmuch as it is not done openly and fairly, but by secret agreement between European governments and large steamship lines. Indeed, it is an almost universally accepted fact that the Emperor of Germany recently advanced personally to a shipbuilding firm in Germany the additional cost of building two fast German vessels in order to prevent the contract going to an English yard.

#### A COSTLY CHEAPNESS.

Congress looks on supinely and seems to flatter itself that the same Gladstone school of economics which ruined the West Indian sugar industry, by accepting the Continental bounty-fed beet sugar, should be pursued to the destruction of this industry, and that the nation is money in pocket by accepting the cheap services of the foreigner. The



island of Jamaica, which suffered more than any other part of the West Indies, has been rescued by Boston capital invested in the fruit industry and by the British Government in subsidizing the Elder Dempster direct line of steamers at the urgent demand of Mr. Chamberlain in his capacity of minister for the colonies.

Before closing I should like to say a word in tribute to one of the members of the committee, who has invited me to be present to meet you to-day, and who is carrying on a very unequal battle against Asiatic subsidies and Asiatic cheap labor on the Pacific. I refer to Mr. Winsor, whose example alone should appeal to the sympathy of our Government for the encouragement and assistance which it deserves.

Very respectfully,

DAVID C. REID, *President.*

Thereupon, at 5 o'clock and 25 minutes p. m., the Commission adjourned until to-morrow, Friday, May 27, 1904, at 10 o'clock a. m.

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ROOMS OF THE BOARD OF TRADE,  
*The Bourse, Philadelphia, Pa., May 27, 1904.*

The Commission met at 10 o'clock a. m.

Present: Senators Gallinger (chairman), Lodge, Penrose, and Mallory, and Representatives Minor, Humphrey, and Spight.

**STATEMENT OF THEODORE JUSTICE.**

Theodore Justice appeared before the Commission.

The CHAIRMAN. Kindly state to the Commission what your business is.

Mr. JUSTICE. I am in the wool business. I represent the wool-growers of the United States, who are busy tending their flocks on the prairies, many of whom never see anybody from one week's end to the other, but who have an interest in this question and have not as yet been heard. I also desire to speak for the farming class, who likewise have not as yet been heard.

**AMERICA IN RUSSIA'S PLIGHT.**

I have no interest in shipping, but as yet apparently nobody has been heard to speak for the millions of taxpayers who will pay this bounty if you grant it; and I wish to speak for that class. And the basis of it is this: This is an important question, and since the developments in maritime conditions in the war now being carried on it is more important than ever before. The question of the importance of an auxiliary navy is brought to our notice. The immense advantage which Japan has over Russia brings to our notice the fact that in some respects we are very much in the condition of Russia. We have a splendid Navy, of which we are all proud, but we lack the auxiliary feature which Russia lacks and which, so far, has been her cause of disaster.

It has been urged in some of our local papers that this is a local matter which affects only men who are interested in shipping, and Mr. Hill stated in New York that it is a commercial matter only.

Mr. Hill in my judgment was grievously mistaken. It is a national question, and it involves not only our well-being, but it may possibly involve our national existence.

Something was said here yesterday about the Government assisting in irrigating the arid lands, and it was intimated that the people on the seaboard have no interest whatever in that matter. But such remarks do not represent the sentiments of those of the population of this country who are interested in the development of our industries. There is a parallel between assisting the men who own arid lands to make them fertile and in developing there an industry which is latent, but may become enormous, and the development of our merchant marine by Government help—bounty, subsidy, or whatever you may choose to call it.

#### AKIN TO THE TARIFF QUESTION.

It is somewhat akin to the tariff question which has developed our manufactures. To-day 90 per cent of the clothing worn by the American people is made in American mills. A hundred years ago there was not a mill in the United States. Everything was imported. Without that Government help we would not be in the proud position we now occupy; without Government help our auxiliary navy will never be developed; without Government help the arid lands perhaps will never be developed. But here are three conditions which are all akin to each other and they are all alike, and I wish to speak for the hundreds of thousands of people who have no direct commercial interest in this question.

You have heard suggestions made by men in the business, and it seems to me that Captain Randle and some others have pointed the way to a solution of the matter. But I merely want to speak to you on the subject of the importance of this matter to every man in the country.

#### MARKETS BUT NOT SHIPS.

Mr. Hill is reported to have stated that what we want are markets. We have the markets. We are importing in round figures \$1,000,000,000 worth of merchandise and are sending back in round figures \$1,500,000,000 worth. There is a market for the marine service of the country of \$2,500,000,000. We have the markets. The market is there, but we have only 8 or 10 per cent of it. It is as possible for us to get the other 80 per cent—to get 90 per cent of it—as it has been possible for us to get 90 per cent of the manufacturing of clothing for the American people and to do it in the same way—by Government help.

That is all I care to say.

#### STATEMENT OF EDWIN S. CRAMP.

Edwin S. Cramp appeared before the Commission.

The CHAIRMAN. Mr. Cramp, I believe you are connected with the Cramp Shipbuilding Company.

Mr. CRAMP. I am vice-president of the company.

The CHAIRMAN. We will be pleased to hear from you concerning the matters that we are here to inquire into.

Mr. CRAMP. Thank you.

I have thought it necessary to go over some of the questions connected with the cost of a ship, because I think bad impressions were received from some statements made in New York. Of course, I merely saw the statements published in the papers and I thought they were rather misleading.

Preceding the Spanish-American war prices of materials entering into ship construction were at the lowest point ever known, and lower in this country than in Europe, so much so that the price ruling then was 1 cent a pound for all plates and shapes at Pittsburg. At the same time the prices ruling in England were from \$25 to \$27 per ton.

The difference between the price at Pittsburg and the price charged by the English mills afforded a ready market for the surplus of this country, so that many hundred thousands of tons of materials were delivered at Glasgow and other shipbuilding points in Great Britain in competition with the prices ruling there. Subsequently, the Spanish war occurring, and the great prosperity following the first year of McKinley's Administration, caused prices to become so high in this country that in the course of the next two years the exportation of such materials ceased altogether.

#### EXCESSIVE COST OF MATERIALS.

The extreme range of prices within four years varied in England from \$27 to \$37 a ton, whereas in America materials under the same tests of Lloyd's and other classification societies have varied in price from \$20 upward to \$60 a ton. To-day the prices which have been maintained by the manufacturers are as follows: Steel plates, 1.75 cents; shapes, angles, and channels, 1.75 cents; and bulb angles, 1.75 cents per pound. On the other hand, the prices ruling in England are as follows: Steel plates and shapes delivered clear of insurance and freight at Philadelphia, but no duty paid, 1.40 cents per pound.

The ability to consume steel in this country increased beyond the most sanguine expectations, so that in six or seven years we more than doubled the product of our pig iron. Yet the delivery of these materials was so slow and uncertain that frequently we were compelled to wait a year before our orders were finally completed.

This, as you may see, interfered with our output and necessarily increased the cost of production, whereas in England an order for all the material entering into the construction of a vessel could be delivered inside of two months.

For nearly six years back freights have been as low, if not lower, than at any time in the history of shipping. Wages have been cut from 5 to 10 per cent in shipbuilding and marine engineering circles. These factors, together with the fact that prices for materials for shipbuilding have receded until they now average about \$25 a ton, have had the effect of inducing shipbuilders in England to offer to construct ships at abnormally low figures. At 1.75 cents as the base price, or \$40 per ton, you will see that the builder in this country starts off with a handicap against him of \$15 per ton.

#### HIGH RANGE OF WAGES.

Not only do we suffer under these disadvantages, but, commencing with McKinley's Administration, labor has risen in this country by

reason of the great prosperity from 30 to 40 per cent, so that the argument which you have heard urged so often that the American mechanic can do much more than an English mechanic, and that the introduction and application of labor-saving devices enables the American to increase his output very largely over that of England, does not hold good. The same labor-saving devices that we have introduced and applied in America are being introduced and applied in every shipyard in Great Britain, so that the amount of work a man can do there is increasing, and will continue to increase. At the same time we are paying double the wages—from 50 to 100 per cent more than is being paid in England for the classes of labor.

If we apply the figures as to the cost of materials in the construction of a 12,000-ton ship intended for crossing the Atlantic Ocean, the steel and iron which enter into both hull and outfits and engines and boilers—that material alone being 60 per cent higher here—will amount to a handicap against the American builder on one single ship of \$150,000. Then, if you add to that the difference in the price of labor you will see at once the great difficulty which the shipbuilder here is laboring under if he wishes to put his ship on a line to foreign ports in competition with a vessel built at a foreign city.

Senator MALLORY. I do not want to interrupt you, as I know your time is limited, but I should like to know the reason you ascribe for the rise in the price of shipbuilding material in this country.

Mr. CRAMP. It is only that prices have been maintained by the manufacturers.

Senator MALLORY. You do not know how? The demand certainly has not increased.

Mr. CRAMP. The demand has fallen very rapidly within the last year.

Senator MALLORY. Since prices have been kept up?

Mr. CRAMP. They have been kept up. It is not only the case with shipbuilding material, but it is true of all structural material.

Senator MALLORY. I should like to know whether you connect the two. Has the demand for other structural material affected the price of shipbuilding material?

Mr. CRAMP. It has.

#### ENGLAND BUILDING MANY SHIPS.

There is another argument which I do not think has been brought out enough in talking over this question as to the cost of ships here as compared with England—which, of course, the steamship company must stand—and that is the fact that in England shipbuilding and shipowning is their great industry, as railroading is in this country. The volume of ship construction there is so great that shipbuilders have been enabled to devote their attention to specialties; for example: Some yards build only large cargo boats, others high-speed steamships, others naval vessels, others torpedo boats and destroyers, others smaller craft, from 5,000 tons down; whereas in America, owing to the want of a large market, the builder who may have from five to six slips will frequently have under construction the same number of ships, every one of which is of a different type. You can see a large tugboat on one slip, a river steamer on the next, a cargo boat on the next, a cruiser on another, and a battle ship or a passenger ship on the next slip.

Now, while this diversity of product may result in a better all-around knowledge of his trade on the part of the individual shipbuilder, yet you can see that it certainly interferes very seriously with his cheapening the production. If the American shipbuilder, as has been the case on the Great Lakes, had the opportunity of selecting his type of ships and could have his five or six vessels all of the cargo type under construction at one time it would enable him to introduce methods of piecework, of standardizing of details, etc., which would enormously decrease the cost of construction. This, of course, has been the reason why that in iron and steel, and industries of a kindred nature generally in America, the individual manufacturer had been enabled to pay higher wages, and by reason of his enormous output so to cheapen the production that he can undersell the manufacturer of similar articles abroad who would pay lower wages.

Nothing led to the achievement of this result so much as the aid given by our Government in land grants for twenty years, which led to the building of the great number of transcontinental and Pacific railroads, and the building up of rail mills, locomotive works, and other allied industries.

Now all this, of course, refers to the first cost of the ship being higher in this country than in England and has nothing whatever to do with the operating expenses of the vessels after construction. The matter has been taken up very exhaustively by Mr. Chamberlain in his report of 1902.

ONCE 10 OR 15 NOW 40 PER CENT.

For these reasons enumerated above the cost of ships in America, which at the time of the beginning of the McKinley Administration had approximated the cost of the ships of a similar type by first-class builders in England within 10 or 15 per cent, to-day can not be produced within 40 per cent.

It will be well in speaking of this question to very clearly bring out the fact that the bare statement as to cost by free ship men is misleading, for the reason that with the people who made a specialty of building cargo boats on the east coast of England the cost by them is frequently from 10 to 20 per cent higher than the cost of building the same type of ship by the people of Glasgow and Belfast, and any comparisons made should have this fact clearly in view.

Also the percentages of difference of the cost as a basis of comparison varies with the class of the vessel.

With the low-priced cargo boat and tramp the per cent is larger than with the high-speed, high-class passenger ship, which latter more nearly approximates in price the American-built vessel of similar requirements.

The above-mentioned causes have in part brought about the present condition of affairs.

The responsibility for the other part rests with the Congress of the United States, which has deliberated for over fifty years and accomplished but very little effective results in this direction.

#### MR. CRAMP'S RECOMMENDATIONS.

To compensate for the omissions of the past I would suggest:

(1) That Congress should pass an act similar to the one introduced by Senator Lodge in December, 1903. The increase in shipbuilding

and shipowning that would follow the enactment of such a law would be so great that it would test the full capacities of the constructive establishments as well as the efficiency and capabilities of the personnel in the shipowning line.

The CHAIRMAN. In a word, state what that bill contemplates.

Mr. CRAMP. Indirect discriminating duties.

The CHAIRMAN. I suppose you are aware of the fact that there are some thirty-odd treaties in the way of legislation of that kind?

Mr. CRAMP. I know there is an awful lot of trouble ahead of anything you may want to do in this world.

Senator MALLORY. However, they can all be abrogated at most by two years' notice.

The CHAIRMAN. Yes.

Representative SPIGHT. I understand that you favor discriminating duties?

Mr. CRAMP. Indirect discriminating duties.

(2) An increase in the postal compensation of at least 50 per cent, bringing the call up to the amount incorporated in the original bill of 1891. The statement was made at the time of the passage of the act that the amounts as amended would not be sufficient to accomplish any great results, which certainly has been the case.

(3) Inasmuch as the huge 20,000-ton ship was not thought of in 1891, there should be another rate established for vessels of not less than 15,000 tons, having a speed of not less than 22 knots. As Senator Penrose expresses it, mail compensation routes should be established by law for strategic effect, and this would provide all of the high-class auxiliary cruisers that the Government might require.

Among the great advantages of such indirect discriminating duties would be that the profits would not be excessive, thereby not tempting the promoter to establish lines for flotation purposes only, destroying the business of the regular companies, nor stimulating the organization of mushroom shipbuilding companies with their subsequent receiver-ship troubles.

Time is an element in any solid growth, and in no case is this more true than in the commercial world, but the Government must give the inspiration for the first step.

#### "FREE SHIPS" DELUSIVE.

The policy of free ships will not rehabilitate the merchant marine any more than free trade in materials. For the past ten years we could have availed ourselves of the use of foreign materials for American vessels in the foreign trade, but when business was at its height the prices of materials were lower here than abroad. Now, while the prices are lower abroad than here, no one wants to build any kind of vessel.

Representative SPIGHT. What is your idea about the injurious effect on the United States of the free-ship policy?

Mr. CRAMP. In what way; on shipbuilding establishments?

Representative SPIGHT. Yes, sir.

Mr. CRAMP. It would shut up every establishment in the United States.

Representative SPIGHT. You think it would?

Mr. CRAMP. There is no question of it.

Senator PENROSE. Would not some yards have to be open for repairs and work of that kind?

Mr. CRAMP. The song about the repair business is one that is sung very often. The repair business to-day is not enormously profitable. The repair business is done on the basis of contracts, and the lowest bidder gets it. The ship is surveyed by Lloyds or the American Bureau of Shipping, and the lowest bidder gets the work.

Representative SPIGHT. Would your repair business amount to anything scarcely?

Mr. CRAMP. It would not amount to any more than it does now, because no English company repairs a ship here that it can take abroad and repair. In many, many cases temporary repairs are made here, and then the vessel is taken to Germany or France or England.

Recently an Italian vessel was dismantled off the capes of Delaware, and because the owners thought the price for repairs was high, even that of the lowest bidder, they sent a tugboat out from Europe to tow that sailing vessel all the way to Italy to be repaired.

The CHAIRMAN. As a matter of fact, a boat can be repaired cheaper in the yard where she was built, especially when they are building a line of boats, than in an independent yard?

Mr. CRAMP. Always.

#### HOW FREE SHIPS WOULD WORK.

Representative SPIGHT. Do you think the free-ship policy, if adopted, would seriously affect the shipping interests of this country?

Mr. CRAMP. There would not be any shipping interest in the country.

Representative SPIGHT. You think it would ruin it?

Mr. CRAMP. Americans could not afford to pay 60 per cent more for a ship—

Representative SPIGHT. I want to know something along that line. Democrats have been a little inclined toward a free-ship policy. I am not prepared to speak for myself with regard to it, and I want to know something about it. I should like to hear from you some reason why a free-ship policy would not be a good one for this country.

Mr. CRAMP. An American who starts in the ship-owning business pays as much for two ships, we will say, as the foreigner pays for three. Therefore, he is handicapped right off; and in running those ships he pays as much in the wage account to operate the two ships as the Englishman does for three. Now it all comes down to a question of earning capacity. Can that American live, running two ships against the other man's three, which carry 50 per cent more cargo on the same amount of money invested? He can not do it. It would ruin any railroad to be run on that basis. The most destructive kind of competition in the railroad business is a railroad in the hands of a receiver, and so it is in shipping.

Representative SPIGHT. How long have you been in the shipbuilding business?

Mr. CRAMP. It was stated in a letter here yesterday that another was the oldest shipbuilding concern in America. I think we have the privilege of claiming that honor. Our business was established by my grandfather in 1830.

Representative SPIGHT. Was your grandfather an American citizen?

Mr. CRAMP. He was, and my family were Americans for generations before him. He was a ship carpenter by trade. A reporter once asked him what his father was and he said a fisherman. Then he asked what his father was, and he said a pirate. So we always have been webfooted. [Laughter.]

The present Congress in passing three wise measures for the rebuilding of the American merchant marine has done more than any previous Congress, and should that same body pass such measures as the ones above suggested, it can be truthfully said that it will have accomplished more and better results than all previous Congresses.

#### AGAINST "WHITEWASHED" TRAMPS.

In closing I would like to say something of the necessity of this Commission committing itself in favor of a few "pot boilers." I speak for the coast trade. The conquests of the United States arms in the last seven years in the acquisition of Porto Rico, Hawaii, and the Philippine Islands have added imperial possibilities for the development of the coastwise business.

For years past the attention of all commercial classes has been turned to the profitable pursuit of getting ahead of the Government by the enrollment of whitewashed tramps and floating coffins.

In the last twenty years over 350 of this class of vessels have been granted American registry. Of this number there are still afloat 63 steamers, and of the latter 48 are in the coast-wise trade.

This commercial crime has been encouraged by builders who repaired, by companies who bought the wrecks, and by Congress which enrolled them. The result has been nothing but bad. A free-ship enrollment of the same number of foreign vessels of modern type and construction would have been of some value; but the class and number of ships that have been thus registered have contributed largely to the destruction of the building industry and also to the lowering of the quality of the floating equipment of the nation. The most celebrated, the *Merrimac*, saved her reputation by being sunk at Santiago.

Representative SPIGHT. I understand you are opposed to any legislation that looks to admitting foreign-built ships?

Mr. CRAMP. I am opposed to any such legislation, of every kind and description.

Representative SPIGHT. Do you think that it ought to be carried to the extent of providing that no vessel built in a foreign yard, regardless of the expense later incurred in American yards, shall be admitted?

Mr. CRAMP. That was the original idea——

Representative SPIGHT. I want some light on that line, because I have sometimes voted for bills admitting such vessels to American registry that I did not really approve.

#### A PRIVILEGE ABUSED.

Mr. CRAMP. Even in times past we, as builders, have followed the old rule, that if a certain percentage of a ship's selling value was expended in American yards, she was entitled to enrollment. But that has been subject to constant abuse, and I think it has had as much to do with the destruction of the shipbuilding and ship-owning business in this country as any other factor.



Representative SPIGHT. I should like you to explain to me why if a ship is practically rebuilt in American yards it ought not to be admitted to American registry?

Mr. CRAMP. I will put it this way. A vessel is wrecked. She is bid in for \$50,000. That vessel before being wrecked must have been worth a couple of hundred thousand dollars. The owners spend perhaps \$50,000 or \$100,000 repairing her. It has been a regularly organized business within the last seven or eight years to buy up those vessels. The *Merrimac* was such a case. Eventually she becomes an American vessel and her value doubles. Instead of being worth \$100,000, she becomes worth \$200,000 immediately that she is registered.

Representative SPIGHT. I understand that.

Mr. CRAMP. Right away the man who owns a ship built in America, built by high-class mechanics—built at a high price—is hurt to an extent by the other man coming in and establishing a pirate line alongside of him; and it has been done.

Representative SPIGHT. Is it your idea that it hurts the shipbuilding interest more than the shipowning interest?

Mr. CRAMP. The shipowner in that case makes \$100,000 right off.

Representative SPIGHT. The shipbuilding and the shipowning interests are opposed to each other in that case.

Mr. CRAMP. The shipowner who really has a first-class line should have protection against the pirate who can buy up three or four of these wrecks and start a line and ruin him. It is protection both ways.

Such a policy as has been pursued is manifestly destructive to the builder and to the mechanics; it harms the shipowner who has built the high-priced American ship, and it robs the nation in times of emergency when it must depend on such vessels for transport and collateral services.

Properly fostered the American coast trade can be built to the proportions of the mercantile marines of any of the nations of the world, saving only the four largest.

Another "pot boiler" for the American marine would be to require the materials entering into the construction of the Panama Canal to be carried in American bottoms.

#### WOULD COST LEAST.

I have spoken in favor of the indirect discrimination and of an increase in the postal compensation, because they carry little or no grant of money from the Public Treasury.

There seems to be a public sentiment prevalent which refuses to indorse any such measures as are best exemplified in the encouragement given the Cunard Line by the British Government. It is the most prominent example of special legislation and treasury grabbing that the world has ever seen, and yet no man on this Commission has heard or read of its condemnation by any American reformer or purist.

To do more than I have intimated in my judgment would harm the business, and to do nothing will result in its total annihilation.

Crystallize into laws these suggestions and the volume of trade for American bottoms will give the engineer and the contractor the number of vessels, so that they can specialize and standardize with ever-cheapening effect, and the cargo will be carried on the American ship as cheaply, comparatively, as the freight is carried on the American railways, but it will not come before.

The wise statesmen of Congress legislated for the building of the railways of the West, and why not at this time and in the same way legislate for the steamship routes of the ocean?

#### SUBSIDY OR DISCRIMINATING DUTY.

Representative SPIGHT. I wish you would state what your views are with reference to the permanent advantage to the American merchant marine of a subsidy—a direct bounty—as compared with indirect discriminating duties. I think you ought to be able to give us some information on that subject.

Mr. CRAMP. We are in favor of bounties. We are in favor of discriminating duties. There seems to be a determination, from all that we have been able to find by investigation, particularly through the Middle West—

Representative SPIGHT. You do not understand my question. I wish to get at the comparative value of the two systems.

Mr. CRAMP. I really believe that discriminating duties would be of more lasting benefit.

Representative SPIGHT. More permanent?

Mr. CRAMP. More permanent.

Representative SPIGHT. I think so, too.

Mr. CRAMP. They might give a slower growth to the lines, but it would be more permanent.

Senator MALLORY. Yesterday a gentleman who addressed the Commission made the point against discriminating duties, that we would be giving the same benefit to a vessel which brought a cargo from Habana to New Orleans, a distance of about 600 miles, that we would give to a vessel from Australia to New York, a distance of 10,000 miles, say. Have you anything to say as to that?

Mr. CRAMP. I do not think the trade between Australia and the United States is as heavy a cargo trade as that between Cuba and the United States.

Senator MALLORY. I am citing that as an illustration. Take any other part of the world.

#### POSTAL COMPENSATION SOMETIMES BETTER.

Mr. CRAMP. I should think with Australia the postal compensation would be the better form. We now have a number of vessels going to Australia in the Spreckels Line, some four or five in number. But the compensation is not sufficient to encourage those people to continue to build ships to keep up with the German ships. When the *Mariposa* and the *Alameda*, vessels of 3,200 tons, were built, they were about the largest ships that cruised down that way. Recently Spreckels has built ships of 6,000 tons, and the Germans have put on ships of 8,000 and 10,000 tons. If there was more encouragement in the line of postal compensation, trade on what might be called those strategic routes would be constantly developed.

Senator MALLORY. Eliminate the idea of strategic routes and take discriminating duties, which apply to all imports from foreign countries by vessels other than vessels of the country from which the imports are brought, and which would apply of course to every importation made into this country.

Mr. CRAMP. Yes, sir.

Senator MALLORY. Now, the gentleman who addressed us yesterday—I have forgotten his name—made the point that a vessel which did a service to the commerce of the United States by bringing a cargo 10,000 miles would receive no more compensation for it than a vessel which would bring a similar cargo 500 miles.

Mr. CRAMP. That is a drawback.

Senator MALLORY. In your judgment, is there anything in that point? If there is I should like to hear it, because I have no doubt it will be raised hereafter.

Mr. CRAMP. Take the trade with South America, which is altogether one sided. We buy altogether from South America. The cargoes for South America go from Europe. Any aid at all given by way of discriminating duties would turn things so much in our favor that we would be handling their cargoes instead of their going to Europe on the celebrated triangular route.

So far as South Africa is concerned, I believe the trade is altogether in our favor. The imports from South Africa are not so large as the exports to South Africa. Mining machinery and all such supplies come from the United States.

Senator MALLORY. The gentleman I refer to made the point that under a discriminating duty a vessel which performed the service of carrying a cargo 500 miles would receive as much compensation, in any way in which a vessel would receive compensation, as another vessel that traveled 10,000 miles.

Mr. CRAMP. That is the case.

#### A GRADUATED DISCRIMINATION.

Representative MINOR. That can be cured by the form of the law by providing that for voyages of from 500 up to 1,500 miles such and such a discrimination shall be made.

Mr. CRAMP. That has been incorporated in various bills before.

Representative MINOR. And for a voyage of from 1,500 to 3,000 miles so much.

Mr. CRAMP. Make the rates of discrimination differ according to the length of the route. The trade with countries far removed would be transacted in vessels of larger size than would be used in the trade with adjacent countries. It is a well-known fact that cargo can be carried per ton-mile for much less in the huge vessel than it can in the smaller one. This would equalize in large measure the apparent inequality that you speak of. It would also be analogous to the railway situation that Mr. J. J. Hill speaks of, where the heavy train, by reason of the huge locomotive, heavy rails, and 50-ton cars, has worked marvels in cheapening the long-distance haul.

Senator MALLORY. Under the old law there was no such point made. If a foreign vessel brought goods to this country, there was an additional tariff laid on the goods. When brought in an American vessel the ordinary tariff rates would apply. No distinction was made as to distances. I should like to hear from the other side, and I suppose we will before the Commission closes its inquiry, on the point made by the gentleman who spoke here yesterday.

#### FREIGHT MATERIALS JUST AS GOOD.

Representative MINOR. I wish to ask you two or three questions. Speaking about the English material that enters into the construction

of ships being cheaper at this time than such material is here, the foreign market fluctuates, does it not?

Mr. CRAMP. Yes; but the fluctuations have not been so violent as they have been here. .

#### FOREIGN MATERIAL JUST AS GOOD.

Representative MINOR. How does the quality of that material compare with the American product?

Mr. CRAMP. I would rather not answer the question. As a rule, I think the process by which they manufacture steel over there for shipbuilding purposes is at least equal if not superior to ours.

Representative MINOR. We want the truth.

Mr. CRAMP. That is the case. Any metallurgist knows that.

Representative MINOR. Some people claim that ours is the best.

Mr. CRAMP. What forced the English people to use steel was the inferior character of their iron plates. A vessel running up the Delaware River in cold weather would encounter ice, and the plates between the frames would be shorn right down as if made of paper; and plates were a good deal thicker then than they are to-day. That hastened the introduction of steel plates in England more than any other one factor.

Representative MINOR. There is a great deal of dispatch given a steamer in quick loading and unloading.

Mr. CRAMP. No doubt.

#### HELPING ALL THE PEOPLE.

Representative MINOR. If shipping were properly encouraged, is it not true that here in seaports on the coast they would improve the freight-handling facilities to such an extent that you would get very much better dispatch than you are now getting?

For instance, compare your facilities here with ours upon the Lakes; not that I want to boast of the Lakes particularly, but I do think we are strictly in it. A steamer can not make any money when she is waiting to be discharged or when she is taking on freight. She makes money only when she is running. If in its wisdom Congress should see fit to enact some legislation helping our merchant marine, we would do it on the theory that it helps all the people. We are not attempting, and never will, to build up one special industry at the expense of another. If we can show to the people of the country that it is for their benefit to help the ships, and thereby reduce the rate of freight, we will be justified; and if we can give you better dispatch by encouraging you to build more ships and increase and improve facilities for handling freight, there is a chance that we will reduce the freight rate.

Mr. CRAMP. There is no doubt of it. A good many people have an idea that if there were a subsidy or a bounty the steamship companies would get all the benefit. They would not. Half of it would go back into the rates. The rates would be cheapened that much. That is always the case.

Representative MINOR. We have cheapened the price for carrying wheat from 15 cents to 1½ cents. We carry a ton of coal 1,000 miles for about the price it costs you to take it from the sidewalk into the basement.

Mr. CRAMP. We handle and transport freight on the Lakes cheaper than anywhere else in the world. There is no question about it.

## FINANCE AND SHIPPING.

Representative MINOR. In England the great financial institutions are loaning money on marine property. They regard it as gilt-edged security, and they loan money on it at a low rate of interest. If we should proceed along the lines suggested now and encourage the merchant marine by some legislation that seems to meet the conditions, it would take money to build ships, and our people would have to borrow. Tell us, if you please, how you think financiers would consider marine securities.

Mr. CRAMP. The grant should be made in the form of a contract with the individual shipowner. No banker would care to finance a steamship company if he thought inside of a year Congress was likely to repeal the law.

Representative MINOR. We would have to fix a term.

Mr. CRAMP. You would have to fix a term. There must be a contract made for a term of years between the Government and the shipowner.

Representative MINOR. We can not leave it to the change of Administration.

Mr. CRAMP. In England such commercial risks are as much thought of as railroad risks are in the United States. The greatest shipyard in the world was built up by association with the bankers of Belfast. They always have pursued a liberal policy there. Steamship companies ought to build ships in hard times, but nobody has nerve enough to do it. They all wait until the boom is on and then pay a high price.

This shipbuilding company pursued the policy of building two or three ships of a type, and then the bankers of Belfast would stand back of them. Frequently it has had to invest a million or a million and a half pounds sterling. The banks would be protected by having bonds issued, payable in one, two, three, four, or five years. They would get a certain percentage in cash and the rest in notes, which would run at a very low rate of interest—2, 3, or 4 per cent. They have built up one of the greatest steamship lines, the White Star Company, which was practically built by Harland & Wolff, and Harland & Wolff are now such a big company that they build as much tonnage as all the shipbuilders there together.

Representative MINOR. Do you think if we enact such legislation as will convince the financial men of the country that a profit can be derived from investments in ships, money could be borrowed on such property?

Mr. CRAMP. It could be loaned just as easily as it can be borrowed to-day on trolley bonds, and in equal amount.

## SATISFIED WITH LLOYDS.

Senator MALLORY. Has your attention ever been called to the alleged discrimination against American ships by the Lloyds Association and other classification associations?

Mr. CRAMP. It never has. I think that is one of the things which, when you investigate it, you will find is not true. We have built more vessels under the English Lloyds than any two concerns in the United States. The English Lloyds representatives are all men of extremely high professional standing. Picked men are sent over here, and they

and the shipbuilder clash sometimes in their interpretation of specifications or rules. Their representatives may have a certain difference of opinion with the builder, but it is altogether in the line of good work.

Senator MALLORY. Do you think it cuts any figure at all in the matter of freights?

Mr. CRAMP. I think not. In addition to that, there is this to be said: That with an agency like that, separated from the home office, very often men have to be a little more resolute against permitting modifications than they would nearer home. That results from the fact that a man away from home does not dare to take the responsibility. I have heard that charge made to which you refer, but I do not think there is anything in it. We have never found it in our experience.

#### A CHANGE OF OPINIONS.

The CHAIRMAN. If I remember correctly, you were an advocate of the so-called Hanna-Payne subsidy bill?

Mr. CRAMP. Yes, sir.

The CHAIRMAN. From your statement this morning, you seem to have changed your drag-rope somewhat and are now an advocate of differentials?

Mr. CRAMP. Yes, sir.

The CHAIRMAN. If we adopt your theory, to abrogate treaties so far as indirect discrimination is concerned, we come in conflict with thirty-four treaties, I think, some of which are with the great nations of the world. What do you think would happen in the line of retaliation if we abrogated those treaties?

Mr. CRAMP. Congress frequently passes tariff bills which come in conflict with the interests of some of those nations. What can they do?

The CHAIRMAN. Exactly. We will take France, Germany, Italy, and some other great countries which have tariff laws to-day. If we discriminate against them will they not discriminate as against us?

Mr. CRAMP. Has not Germany discriminated in every case against us?

The CHAIRMAN. Certainly.

Mr. CRAMP. Even the laws passed by Parliament are interpreted arbitrarily by the Emperor. There was the celebrated case during Bismarck's time, when, in order to keep out American-canned meats, and so on, he put such imports under the iron and steel schedules because the products came in tin cans, and it was an effective device. America would not attempt any such discrimination.

The CHAIRMAN. Do you not discover a good deal of difference between the material that we send to foreign nations and which foreign nations must of necessity buy of us and the question of shipping?

Mr. CRAMP. The materials we send abroad we send because we can manufacture them cheaper than they can.

The CHAIRMAN. We will not take manufactured goods. We will take agricultural products. Of course England can not discriminate against her food supply, which she must have from this country; but as an illustration, suppose England should retaliate by saying that goods coming to England in American vessels shall pay a 10 per cent duty and in English vessels shall come in free. Would we get any benefit from our differential in that case?

Mr. CRAMP. She could do that only on the necessities of life, and it would raise the cost of living in England. I think the margin is so small there that she could not afford to do it. It would make bread riots.

The CHAIRMAN. You have no fear of commercial war in the event that we should abrogate 34 solemn treaties with foreign countries?

Representative SPIGHT. Take England as an illustration. Do you think England could afford to put on such a discriminating duty on our food products or our cotton?

Mr. CRAMP. No; she would have bread riots immediately.

### STATEMENT OF CHARLES PLATT.

The CHAIRMAN. I have a brief statement prepared by Mr. Charles Platt, president of the Insurance Company of North America, which seems to be an argument for free ships; and unless there is objection on the part of some member of the Commission I will have it inserted in the proceedings at this point. The Chair hears no objection.

The statement is as follows:

The decline of American shipping dates from the time of the civil war, during which American shipowners placed their vessels under foreign flags for safety and afterwards found it impossible, under the navigation laws then and now existing, to again obtain American registry. The provision of this law prevents American citizens from building or buying vessels in foreign countries and availing themselves of the cheapest market. The cost of building in the United States is approximately 25 per cent greater than in England, and, when built, the expense of operating the vessel is also 25 per cent greater, owing to the high rate of wages and general expenses. The facts above stated are quite sufficient to account for the present deplorable condition of the American merchant marine. In considering the proper remedies to be applied for the reinstatement of American shipping a grave problem presents itself, but the following suggestions are respectfully offered:

The amendment of the navigation laws, so as to enable American citizens to build or purchase ships in the cheapest market, an equitable duty of not exceeding 10 per cent on the cost to be imposed by the United States Government. If this should be adopted a large and remunerative business would be at once created for the shipbuilding interests now almost idle, in the necessary repairs to such vessels. Unless some step of this nature be taken, it is unreasonable to suppose that capital will seek uncertain investments, unless a fair return can be hoped for. Another remedy would, in the opinion of the writer, be such a modification of the present tariff as would produce ample revenue without undue protection to any one interest. It would be manifestly unjust to admit shipbuilding materials free from all duty, while other interests were protected by a high tariff. If, however, a high tariff is to be maintained to protect certain large interests then the only remedy for the reinstatement of the mercantile marine would be what is known as a subsidy to place shipping on the same plane with other interests. This, while it might offer temporary relief, would only serve to perpetuate discriminating legislation and would not, in the opinion of the writer, reach the root of the evil.

The United States of America is great enough and rich enough to abolish a high protective tariff which only serves to foster certain

large interests at the expense of the people at large. It seems to the writer the granting of a subsidy would be somewhat on a par of granting the same concession to the fire insurance companies of America who are now protecting the property of citizens throughout the country at a loss and without any protection against the introduction of foreign companies who are admitted to do business on the same terms as the American companies, which is, perhaps, one of the most striking instances of free trade now prevailing. Indeed, the foreign companies are more favorably situated than American companies for the reason that in making their statements they do not take into consideration their home condition, but are simply enabled to compete with the American companies by the deposit of \$200,000 in the New York State Insurance Department. I am not finding fault particularly with this, but merely cite it as an illustration bearing upon the subsidy question.

Respectfully submitted.

CHAS. PLATT.

#### STATEMENT OF FRANK D. LA LANNE.

Mr. LA LANNE. Mr. Chairman, it has been my pleasure to take an eight months' trip to Europe, from which I have just returned, and during that trip I met a great many Englishmen, among them Mr. Joseph Chamberlain, and the feeling of those gentlemen was one of great admiration for the wise laws passed by our Congress, particularly our tariff laws.

They spoke of the wonderful prosperity of our country, and all of them said that their trade would be taken away from them unless they could come around to our way of thinking; and, as we know, Mr. Chamberlain already has started a tariff agitation.

I am a strong advocate of a protective tariff, and will always be, because I believe that the prosperity of our manufacturers is due to wise tariff laws. It seems to me that with over two billions of business of the United States, and only 8 per cent of that business in foreign commerce, being carried in American vessels, we are staring in the face a very great calamity. In the event of war between Germany and England, 75 per cent of the transportation facilities of our country would be taken away. I think it is the duty of Congress to be very liberal toward our shipping interests now. Having been an importer, and not a shipbuilder, I speak from that standpoint. While, perhaps, it might be considered a crude measure to go back to old methods, yet almost the first law passed in America and signed by George Washington was one giving a rebate upon all customs duties on merchandise imported in American ships. I think wise laws on those lines would build up our merchant marine so that there would be no American commerce done in foreign bottoms. I have prepared a letter embodying these views, which I will be glad to submit.

The letter referred to is as follows:

MAY 27, 1904.

The MERCHANT MARINE COMMISSION, *Philadelphia*.

GENTLEMEN: I have just returned from an eight months' trip in Europe, where it has been my pleasure to meet many gentlemen, particularly Englishmen, connected with Government affairs. They all spoke of the wonderful prosperity of my country, and all approve of



the wise laws made by our Congress, which have assured our prosperity, particularly our tariff laws, which have enabled us to keep out foreign competitors and have built up our industries, so that many of us feel that we owe all we have to wise legislation. I am a strong advocate of a protective tariff and will always be so, and we now see that our neighbors—England, France, and Germany—are coming around to our way of thinking.

With a commerce of over \$2,000,000,000 a year, and 8 per cent of it only carried in American ships, leaving more than 90 per cent of the business of this country to be carried by foreign ships, I feel that there is staring in our face the possibility of a dreadful calamity. A war between Great Britain and Germany would at once cut off 75 per cent of the ships engaged in our foreign commerce, and would leave our manufacturers, our merchants, and our farmers stranded for transportation vessels to send our surplus products abroad, and it would be such a serious matter that a terrible panic, I fear, would be the result. As we know, in 1861 our tonnage was 2,500,000,000; in 1902 it had shrunk to one-third of that. With very crude tools sometimes wonderful results have been accomplished. Our shipping interests were taken in hand very early by our first Congress, and, I think, while it may be called a crude measure, one of the very first measures that George Washington signed was one to give a rebate on duties for merchandise carried in American ships. I would advocate to-day the same thing—a rebate of 15 to 20 per cent of the tariff duties on merchandise carried in American ships—and I believe before long there will be plenty of American ships built, so there will be little commerce between this country and foreign countries other than that carried by our own vessels.

Yours, very truly,

FRANK D. LA LANNE.

#### STATEMENT OF HON. ROBERT ADAMS, JR.

The CHAIRMAN. Is Representative Adams present?

Mr. ADAMS. He is.

The CHAIRMAN. Mr. Adams, the Chair has been informed that you would be pleased to occupy a few minutes.

Mr. ADAMS. A very few minutes, Mr. Chairman.

Allow me to express the honor and pleasure I have in appearing before such a distinguished Commission, composed of gentlemen whom I know so well.

The Commission no doubt has heard from the practical men of our port the necessities for the development of our merchant marine. I propose, with your permission, to state a few facts, founded on my own observation, of the development of business owing to the granting of subsidies to steamship lines by foreign countries.

In 1889 when our Secretary of State, Mr. Blaine, proposed to develop our pan-American commerce, which, in my judgment, was one of the most statesmanlike schemes that ever emanated from an American man in public life, I was sent abroad under that Administration to the court of Brazil to represent our country. I was sent more particularly to study the economic conditions of Brazil, and to see what, if anything, could be done toward the development of our relations with that country. It was a well-known fact that when we had the fast-sailing clipper ships in the American merchant marine,

we commanded the trade on the eastern coast of South America. We entirely commanded the cotton-goods market. Blue jeans and our flour were the only ones purchased in those countries.

In the change in the construction of vessels from wood to iron, as we all know, the sailing vessels disappeared and the iron ships became the masters of the sea. Foreign countries, realizing the advantages of rapid communication for building up trade, at once established lines to ports in the Argentine and Brazil for the purpose of building up their trade. The result was that our market for cotton goods was lost; our flour shipments decreased; and we practically lost the entire trade on the eastern coast of South America.

I proceeded to investigate the causes of this more particularly, and through secret sources at my own expense I gained considerable information and made a report to the State Department in 1890.

#### FOREIGN SUBSIDIES IN BRAZIL TRADE.

The facts were these. Nearly every steamship line that came into the port of Rio de Janeiro was subsidized by its government, and, furthermore, after the commerce had been built up, they asked for no further support from their governments, and were able to increase the number of ships on their lines owing to the increased business. These facts will be substantiated by anyone who is familiar with what I relate.

Furthermore, Mr. Chairman, the main thing that called me to my feet this morning was the pathetic story I read in the paper, as related by Mr. Thurber, about the one American line to Brazil. I went on one of those vessels, the *Allianca*. It has since become historic in our difficulties respecting Cuba. A better line never sailed out of any port—well officered, well equipped, good ships—and up to the institution of that line there was no direct communication between our country and the eastern coast of South America.

If a man sent a letter or shipped goods to that country, he had to send them to Liverpool and around by the line sailing from that port or some other English port. The result was that with those means of communication it took from sixty to seventy days to get an answer to a business letter on any subject. With the institution of this line things improved very materially. Our exports to Brazil increased over \$1,000,000 in two years.

More than that, sir, to show how rapid communication can develop trade (and it is the prime necessity, in order to build up any traffic between two countries, not only the transportation of goods, but the mail facilities and the rapid transit of salesmen and others who wish to place goods on the market) I will cite just one instance as an illustration. The Henry Planet, jr., Manufacturing Company, of this city, sent out a salesman with some cultivators, which had never before been seen in that country. I arranged a meeting with the horticulture society to enable him to exhibit his cultivators, and before that man left Brazil he had to refuse orders.

It is not only the economic question as to what we are paying foreign countries for the transportation of our goods and for seamen's wages and insurance and interest on capital that enters into this question, but without our own steamship lines, and without direct and proper communication with other countries and means of transportation under

our control, in my judgment it is almost impossible to build up our foreign trade.

I do not wish to detain you longer. The eyes of our country are now turned toward the Far East, and there lies a great international problem which will come before our country. We are trying to hold our own in the future trade of China. It is considered to be the one unopened mart of the world, for which the commercial world is about to struggle.

#### OUR MARKET TO THE SOUTHWARD.

But, Mr. Chairman, in my judgment we have to the south of us an open field to cultivate, with millions of people who to-day are educated to use our exports, our machinery, our appliances, our electrical apparatus, and other things, whereas the 400,000,000 in China have to be educated up to the point before they will use what we export. It is from this point of view that I consider it more essential to our merchants and to our carrying trade that we regain, and regain in an enlarged degree, the trade that lies ready for us in South America.

Mr. Chairman, in a few remarks I made in Congress when the bill providing for the creation of this Commission was debated, I printed as an appendix the report I made to the State Department in 1890, which contains a list of all the subsidies given to foreign steamship companies entering the port of Rio Janeiro. With your permission, sir, I will file it with the Commission, to be appended to my remarks on this occasion.

The CHAIRMAN. It will be printed as a part of your statement.

The report referred to is as follows:

#### BRAZIL.

[Report by Minister Adams, of Rio de Janeiro.]

On receipt of Department's instructions I sent a note to the foreign office here, seeking the information requested therein. Receiving no reply as yet, I have made personal effort to obtain it, and am greatly indebted to Mr. W. C. Peck, an American citizen engaged in the shipping business here for twenty years. I have the honor to inclose his statement. If I receive an official reply from the foreign office I will forward it at once.

Owing to a change in the direction of the mint I have not been able to answer interrogatory No. 7 as yet.

ROBERT ADAMS, Jr., *Minister.*

UNITED STATES LEGATION,  
*Rio de Janeiro, October 9, 1889.*

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#### BRITISH FLAG (EIGHT LINES).

(1) *London and Antwerp direct line to Brazil.*—This service is performed by steamers chartered for the purpose, having none of their own. Arrivals here are four and five per month. They generally sail from this port or Santos in ballast homeward, seeking employment. Cargo capacity, 2,000 to 3,000 tons. No passengers. No state aid. Freight rate, 20 to 30 shillings per ton.

(2) *Direct line to Brazil from London, Hamburg, and Antwerp.*—This service is about equal in all respects to that of the above-mentioned company. The steamers of both lines sometimes go as far as Rio Grande do Sul and Porto Alegre. Freight rate, 20 to 30 shillings per ton. No state aid.

(3) *Royal Mail Steam Packet Company.*—From Southampton to River Plate; fortnightly sailings from each end, touching both ways at Brazilian ports; sailing dates strictly observed. This company have a large and magnificent fleet of fast passenger and cargo steamers and employ the requisite number in this trade to make fortnightly sailings; also giving extra voyages when required. Passenger accommodation, 200 to 250 first-class, 150 second-class, and 500 to 700 third-class; cargo space, about 3,500 tons each. The steamers now on this route are nearly all new, and make very rapid voyages. Freight rate, 25 to 40 shillings per ton. The company operates in other directions also. Receives State aid.

(4) *Liverpool, Brazil, and River Plate Steam Navigation Company (Limited).*—From Liverpool, London, and Antwerp to Brazilian ports, as far as Santos, and direct to River Plate. Regular arrivals in Rio de Janeiro from Europe, six to eight per month; extra voyages as required; also direct to River Plate ports without calling here. This company has a fleet of over fifty steamers, and have, in addition to these, a great many chartered steamers. It is impossible to give more than a bare outline of their operations. The steamers arriving here and in Santos from Europe are generally sent homewards via United States ports in the absence of cargo in the Plate. Other steamers of the direct service are sent here also to be loaded for United States ports; if no cargo is obtainable, these latter proceed homewards in ballast. In addition to the above service a line subsidized by Belgium (fortnightly sailings) is run from Antwerp direct to the Plate, touching here on the homeward voyage. This line is intended for passengers, and can accommodate 50 to 60 first class, 30 to 40 second class, and 60 to 100 third class. But few of the other steamers have passenger accommodation, and in these it is limited. The cargo capacity of the steamers is from 2,500 to 5,000 tons. The company also operates coastwise from Rio de Janeiro to Rio Grande do Sul, Pelotas, and Porto Alegre, weekly sailings each way. No State aid except to the Belgian line. Freight, 25 to 40 shillings per ton.

(5) *Pacific Steam Navigation Company.*—From Liverpool to the west coast of South America, touching at Brazilian and River Plate ports both ways. The service is fortnightly from each end; sailing dates strictly observed; extra voyages as required. Their fleet is composed of nearly all new and magnificent steamers, and are larger than those of the Royal Mail Company. They operate on the west coast, coastwise, and to Australia also. Freight rate, 25 to 40 shillings per ton. Receives State aid.

(6) *Shaw, Savill & Albion Company (Limited).*—Monthly service from New Zealand to London, calling at Rio de Janeiro. These steamers are very fine and fast. Accommodation for 120 first-class, 100 second-class, and 300 third-class passengers; cargo, about 4,000 tons each. Freight rate, 30 to 40 shillings per ton. Receives State aid. Extra voyages when required.

(7) *New Zealand Shipping Company (Limited).*—Monthly service from New Zealand to London, touching at Rio de Janeiro. Steamers,

etc., same as those above described. Freight rate, 30 to 40 shillings. Receives State aid.

(8) *Gulf line of steamers*.—From Liverpool and Antwerp for west coast of South America, touching here once or oftener per month as required. Small passenger accommodations. Cargo space, 3,000 to 3,500 tons each. No State aid.

#### GERMAN FLAG.

*Hamburg - Südamerikanische Dampfschiffahrts - Gesellschaft*.—Weekly sailings from Hamburg, calling at Brazilian ports as far as Santos; extra voyages as required; also six to eight sailings monthly direct to Plate ports; these latter call at Rio de Janeiro on the homeward voyages, thus giving from nine to twelve monthly homeward sailings from Rio de Janeiro. Fleet consists of thirty-five steamers, with cargo capacity of 2,000 to 3,000 tons each. Accommodations for 40 to 60 first-class, 30 second-class, and 100 to 200 third-class passengers. Freight rate, 25 to 30 shillings per ton. No State aid.

*Robert Slowman Line, Hammonia*.—From New York and Baltimore to Brazilian ports as far as Santos, returning to United States, calling here and at other ports. Fleet consists of steamers with cargo capacity of 2,500 to 3,000 tons each; voyages each way as frequent as possible. No passenger accommodation. Freight rate, 25 to 35 shillings per ton. No State aid.

*North German Lloyds*.—Monthly and fortnightly sailings from Bremen and Antwerp, as demand requires, for Brazilian ports as far as Santos, and direct service to the Plate, the latter calling here on homeward voyages, thus giving two to four homeward sailings per month from Rio de Janeiro. Steamers accommodate 50 to 100 first-class, 50 second-class, and 200 to 300 third-class passengers. Cargo capacity, 2,000 to 3,000 tons each. The company have a very large fleet, and operate in other directions also; they put extra steamers in this service as required. Freight rate, 25 to 30 shillings. Receives State aid.

#### ITALIAN FLAG.

*Navigazione Generale Italiana Societe Reunita, Florio e Rubatino*.—This company operates from Mediterranean ports in many directions. The service to Brazil and the River Plate is carried on by a very large fleet, which run direct to the Plate. Arrivals here from Europe are three to six per month, as required. Their fleet consists of about 100 steamers. Can accommodate 50 to 200 first-class, 60 second-class, and 500 to 1,500 third-class passengers. Cargo capacity, 1,500 to 3,500 tons each. Freight rate, 20 to 30 shillings per ton. Receives State aid.

*Company La Veloce*.—From Mediterranean ports as far as Santos; also direct to Plate. Voyages, two to four per month both ways, as required. Accommodations for 60 to 70 first-class, 50 second-class, and 600 to 1,500 third-class passengers. Freight rate, 20 to 30 shillings per ton. No State aid.

#### AUSTRIAN FLAG.

*Austro-Hungarian Lloyds*.—From Trieste as far as Santos. Regular monthly sailing, fortnightly when required, touching at Brazilian

ports both ways. Can accommodate 40 to 100 first-class, 50 second-class, and 100 to 200 third-class passengers. Cargo capacity, 2,500 to 3,500 tons each. Freight rate, 25 to 35 shillings per ton. The company has a large fleet, and puts on steamers as needed. Receives State aid.

*Adriatic Navigation Company.*—From Fiume as far as Santos, regular monthly voyages, calling at Brazilian ports both ways; extra voyages when required. No passengers. Cargo capacity, 2,000 to 3,000 tons each. No State aid.

#### FRENCH FLAG.

*Messageries Maritimes.*—From Bordeaux to River Plate, fortnightly sailings from each end; sailing dates strictly observed; touching at Brazilian ports both ways; also direct service to the Plate. The fleet is composed of magnificent steamers making very rapid voyages. Can accommodate 200 to 300 first-class, 150 second-class, and 700 to 800 third-class passengers. Cargo space, 2,500 to 3,500 tons each. Operate to other parts of the world also; extra voyages as required. Freight rate, 30 to 40 shillings per ton. Receives State aid.

*Compagnie Chargeurs Réunis.*—From Havre as far as Santos, fortnightly sailings from each end, calling at Brazilian ports both ways; also direct to the Plate, these frequently calling here on homeward voyage; extra voyages as required; operate also to other ports. Can accommodate 60 to 70 first-class, 30 to 40 second-class, and 100 to 200 third-class passengers. Cargo capacity, 2,000 to 2,500 tons each. Freight rate, 25 to 35 shillings per ton. Receives State aid.

*Société Générale des Transports Maritimes.*—From Marseille and other Mediterranean ports to the River Plate, calling at Brazilian ports outward and homeward; also direct to Rio de Janeiro and Santos. This company make voyages as frequently as possible, say two to four times per month, and at times a greater number; they operate to other parts of the world also. Can accommodate 50 to 70 first-class, 24 to 40 second-class, and 700 to 1,500 third-class passengers. Cargo capacity, 2,000 to 3,500 tons each. Freight rate, 25 and 35 shillings per ton. Receives State aid.

#### BRAZILIAN FLAG.

*Companhia Transatlantica Brasileira.*—Just organized; will trade from Brazil to north of Europe and Mediterranean ports. Receives State aid.

*Companhia Brasileira de Navegação a Vapor.*—Three voyages per month as far as Manaos. Very fine and fast steamers; nearly all new. Receives State aid.

*Companhia Nacional de Navegação a Vapor.*—Frequent regular voyages to southern ports of Empire and as far as Montevideo, also river service thence to upper Brazil; are constructing a number of new steamers. Receives State aid.

In addition to the three lines the Government subsidizes a great number of smaller coast lines operating from here and other ports of the Empire.

## AMERICAN FLAG.

*United States and Brazil Mail Steamship Company.*—Voyages from New York to Santos, calling at Brazilian ports both ways. Number of sailings is about fifteen per annum. Fleet, three steamers. Cargo capacity, 2,500 to 3,000 tons each. Can accommodate sixty to eighty first-class and sixty third-class passengers. Freight rate, 25 to 35 shillings per ton. Receives State aid.

## SUBSIDIES.

The amount asked for by the minister of agriculture for the year 1890 is 3,061,240 milreis, divided as follows, per annum:

	Milreis. <sup>a</sup>
Companhia Nacional de Navegação por Vapor.....	651,000
Companhia Bahiana.....	155,000
Companhia Pernambucana.....	140,000
Companhia Maranhense.....	170,000
Companhia Brasileira.....	583,200
Amazon Steamship Navigation Company.....	468,000
Companhia Rio Parahyba.....	68,000
Companhia Itaperuvien.....	12,090
Companhia Lower San Francisco.....	40,000
Empuza de Navegação dos Rios Araguay, etc.....	125,000
Foreign service:	
American flag, United States and Brazil Mail Steamship Company...	190,000
Brazilian flag, Companhia Transatlantica.....	300,000
Total.....	2,911,090

The balance, 150,150 milreis, being for different smaller services.

## SUBSIDIZED STEAMSHIP LINES.

Royal Mail Company, British Government, £96,000; Pacific Steamship Navigation Company, Chile, uncertain; Shaw, Saville, Albion Company, New Zealand, uncertain; New Zealand Shipping Company, New Zealand, uncertain; North German Lloyds, German, uncertain; Navigazione Generale, Italian, uncertain; Austro-Hungarian Lloyds, Austrian, uncertain; Messageries Maritimes, French, 18,000,000 francs; Chargeurs Réunis, French, uncertain;<sup>b</sup> Société Générale, French, uncertain;<sup>b</sup> Companhia Transatlantica, Brazilian, 300,000 milreis; United States and Brazil Mail Steamship Company, Brazilian, 190,000 milreis.

## TRAMP STEAMERS.

In addition to the regular lines mentioned, this port is very much frequented by vast numbers of steamers arriving from many ports of the world, principally from Europe; recently quite a number have been coming with cargo from New York and Baltimore. These steamers are vulgarly known as "tramps" and all are without exception under the English flag.

I may here mention that the expenses of discharging cargo in this port, which is paid by steamers, amounts to 10 shillings upward per ton.

<sup>a</sup> 1 milreis equals 54.6 cents.

<sup>b</sup> Are paid by the bounty system.

Rates on coffee, which is about the only article shipped hence to the United States, will average about 25 cents per bag of 60 kilograms weight, and the expenses of loading same (for steamer's account) is about 14 cents per bag, this quite apart from charges in United States.

#### EXPORT DUTIES.

The treasury estimate of revenue to be derived from export taxation for 1890 is fixed at 15,000,000 milreis.

Sugar is about the only article of export from Brazil that does not pay the General Government export duty; the provinces still continue collecting the provincial export duty on sugar, that of Rio de Janeiro being 4 per cent on the custom-house valuation.

#### IMPORTS FROM AND EXPORTS TO THE UNITED STATES.

Exports from Rio de Janeiro to the United States during the crop year July 1, 1888, to June 30, 1889: Coffee, 2,344,796 bags; by American steamers, 119,748 bags; by American sail craft, 221,444; total by American steam and sail, 341,192 bags. The balance was carried by foreign flags—2,003,604 bags—showing 14.5 per cent per American flag. Coffee is about the only article worth mention exported from Rio de Janeiro.

Imports from the United States via Europe are now about 3 per cent.

#### STATEMENT OF WILLIAM R. KNIGHT.

William R. Knight appeared before the Commission.

The CHAIRMAN. State to the Commission what your present occupation is.

Mr. KNIGHT. I am United States shipping commissioner at the port of Philadelphia.

The CHAIRMAN. I wish to read to you briefly from some testimony that was given yesterday by a seaman. As I recall it, the seaman contended that seamen can not get justice when they appear before United States shipping commissioners in American ports. Mr. Alonzo Richards testified as follows in answer to questions by Senator Mallory and the chairman:

“Senator MALLORY. Does the crimp come in the coastwise trade?

“Mr. RICHARDS. The crimp does not operate so strongly in the coastwise trade.

“Senator MALLORY. Does he operate at all there?

“Mr. RICHARDS. Yes, sir.

“Senator MALLORY. How?

“Mr. RICHARDS. To a great extent.

“Senator MALLORY. Where does he get the money?

“Mr. RICHARDS. From the owner or captain; indirectly from the sailor.

“Senator MALLORY. Then the captain of the ship pays the crimp contrary to the law?

“Mr. RICHARDS. Yes, sir.

“Senator MALLORY. And deducts it from your pay?

“Mr. RICHARDS. Yes, sir.



"Senator MALLORY. Have you ever undertaken to collect that amount from the captain when you came back at the end of your voyage?

"Mr. RICHARDS. No, sir. I can cite an instance that happened here about a couple of months ago, in the case of the schooner *Samuel W. Hathway*. The schooner shipped a crew from Norfolk, Va., down to some part of Porto Rico, and the master of that vessel paid advance—not to the men, but to some crimp in Norfolk without the consent of the men. When the men made the voyage and came back here to the United States shipping commissioner to be paid off, this money was to be deducted. The men refused to pay this amount of money. The matter was taken before the United States commissioner in this city, at Ninth and Chestnut here, and to have further proof they wired to Norfolk, to a delegate of the union down there, to prove that the captain did pay this money before the voyage began. But the United States shipping commissioner did not give the men any redress at all; claimed the story was well composed, and they were a lot of sea lawyers; and the money was taken out of the men's wages and compelled them to pay it. They never got the benefit of it."

Subsequently Senator Mallory said:

"You say that the crew you have referred to went before a commissioner. Was it a United States court commissioner or a United States shipping commissioner?

"Mr. RICHARDS. They went before the United States shipping commissioner first.

"Senator MALLORY. Did they go before a United States court commissioner?

"Mr. RICHARDS. Yes, sir; afterwards.

"Senator MALLORY. And both of the commissioners treated them the same?

"Mr. RICHARDS. Yes, sir.

"The CHAIRMAN. Could you ascertain the names of those commissioners in order that they might be summoned by this Commission?

"Mr. RICHARDS. No, sir; I could not.

"The CHAIRMAN. The Commission will try to ascertain their names."

Then Horace Atkinson, a seaman who had previously testified, interrupted and said:

"I can give you the name of that commissioner.

"The CHAIRMAN. I wish you would give us his name.

"Mr. ATKINSON. Commissioner Craig, clerk of the United States district court, Philadelphia. The shipping commissioner's name is Knight.

"Senator PENROSE. William R. Knight."

The CHAIRMAN. Mr. Craig was requested to appear this morning, and the report is made in his behalf that he is confined to his bed by illness, and as your name was mentioned in this connection the Commission would be glad to hear from you on this point.

#### KNEW NOTHING OF THIS CASE.

Mr. KNIGHT. Mr. Chairman, in the first place I must frankly admit that I know nothing whatever of this particular case. There are four deputies under me in the office of United States shipping commissioner, and each of them is assigned to his particular duty, and I presume that this case came under the direction of a man by the name of

Mr. McGrogan, who usually pays off all the seamen in the office, that being the duty assigned him.

However, I think the statement made by that delegate of the Seamen's Union is not made honestly or justly. To begin with, the shipping commissioner can not settle any difficulty or any little dispute that may arise between a captain and the men, unless both sides agree that he shall decide it and that his decision shall be final, and they must both sign a paper to that effect. As long as I have been shipping commissioner of this port, which is fifteen months, there never has been one case decided by me. The seamen will never agree to have a case decided before the United States shipping commissioner. They always take the matter before the United States district court—always. Therefore I know nothing whatever about this matter, but if the Commission would like to get some information on it I will go over the records. I will see Mr. McGrogan, who pays the men, and see what he knows about it, and report in writing to the Commission, if that is your desire.

The CHAIRMAN. We will be pleased to have you do that.

Mr. KNIGHT. That is all I know. If I learn anything else I shall be glad to supply it.

The CHAIRMAN. You say the seamen object, as a rule, to having their cases arbitrated before the shipping commissioner?

Mr. KNIGHT. In every instance. They will not allow the United States shipping commissioner to settle any differences arising between them and the captain.

The CHAIRMAN. As a rule, are the captains willing to have such arbitration?

Mr. KNIGHT. There have come to my knowledge five or six cases where there have been disputes, and in every instance but one the captain was perfectly willing to have the matter settled before me. In the one instance the captain would not, saying he was right and that if he agreed to have it settled before me, as my decision was final, if it was against him he would have no redress, but if he went before Commissioner Craig and the case was decided against him he could still take an appeal.

Senator PENROSE. It was suggested in New York that it would be well to extend the powers of the shipping commissioner as a means of removing some of the evils of the crimp system and some of the troubles incident to the payment of wages, prepayments, and other matters. I know you have given some thought to the matter, although you have recently been appointed, and I should like to know what your thought is upon that suggestion.

Mr. KNIGHT. I believe that more power should be given the United States shipping commissioners, and then, whenever the man was a man of good judgment and wanted to be fair and had any ability, it would mean better results to everybody concerned.

#### ALMOST NO AUTHORITY.

Senator PENROSE. Now you practically have no authority or jurisdiction of any importance?

Mr. KNIGHT. Practically none.

Senator PENROSE. Do you think the office could be made one of very great importance for the protection and betterment of seamen particularly?

Mr. KNIGHT. There is no question about it.

The CHAIRMAN. In New York the suggestion was made that by law the shipping commissioner might be given authority to accept money from seamen to be forwarded to their families. Would you think that a wise policy?

Mr. KNIGHT. I should think it would be. It would be better to designate the shipping commissioners for that purpose than some outside parties.

The CHAIRMAN. It was also suggested in New York by the shipping commissioner there that it would expedite matters and contribute to the ends of justice and to the general welfare to vest the shipping commissioner with authority to settle disputes between master and seamen, subject to an appeal to the district court. Have you given that matter any consideration?

Mr. KNIGHT. Yes, sir; I have thought that over, and I believe it would be a good thing to do, because the United States shipping commissioner's office, as I see it to-day, is a nonentity, practically. They ignore us entirely. I am not going to say a word in criticism of the seamen's union; I believe it is a good thing; but whenever there is any trouble at all, no matter how trifling, between the seamen and the captains, as soon as the boat arrives in port the delegate of the seamen's union is there, and after talking with the men he at once advises them to go to Commissioner Craig. Our office is ignored at once. Therefore we have no authority or power.

Senator PENROSE. I understand that. Another point I wish to inquire about is with respect to the duties of your office. Are they so multifarious that the additional duty of settling these disputes—for, of course, you would have to hear testimony and sit, in a measure, in a judicial capacity—would take so much of your time that you could not attend to the other important duties of the office?

Mr. KNIGHT. No, sir.

#### STATEMENT OF JAMES A. O'BRIEN.

James A. O'Brien appeared before the Commission.

The CHAIRMAN. Your name has been furnished to the Commission as one of the shipping masters who supply seamen.

Mr. O'BRIEN. Yes, sir.

The CHAIRMAN. Is that correct?

Mr. O'BRIEN. Yes, sir; that is right.

The CHAIRMAN. Did you hear or are you familiar with the testimony given by two sailors concerning the matter of shipping seamen and the abuses that are practiced, according to their statements?

Mr. O'BRIEN. No, sir; not sufficiently to speak of it. I was not here.

The CHAIRMAN. I will read you just one paragraph. Perhaps I ought to read more, but I have not had time to look this testimony over very carefully. Alonzo Richards, testifying, said in answer to a question:

"I should say that the relationship between the American shipowners and masters and the seamen can be ameliorated only by abolishing the crimp. The crimp is a menace in every way, shape, and form. They violate the statutes here in the city a great many times. An American seaman may to-day go down along the docks and may be fully convinced of the fact that a vessel needs a crew. He has a discharge

to prove his ability and conduct. He speaks to the captain or the mate, as the case may be, and they always refer him to the crimp. They themselves want a crew, but they will not employ the men and do business individually. Sailors have to have employment through this crimp, and there is a rake-off, and nine times out of ten the sailor is the victim."

Have you any information on that point?

Mr. O'BRIEN. Yes, sir.

The CHAIRMAN. Kindly give it to the Commission.

#### SAILORS' STATEMENTS EXAGGERATED.

Mr. O'BRIEN. I have been in the business about forty-three years, and that statement is exaggerated—extremely so. The men who do that kind of business can not live in the shipping business. They have to get out of it, because the captain who once has dealings with a man of that stamp does not want any more to do with him.

As regards the crimp who is mentioned there, that is entirely exaggerated, and many of those people are not connected with the business; they are hangers-on. They are not shipping agents; they make a living off anybody who comes along. I would rather, and it would be much more satisfactory to you gentlemen, have you appoint some one to examine into the actual situation. I had the honor to serve as shipping commissioner under President Arthur. I know you can get all the help you want, and the best thing to do is to appoint some one to go amongst the boarding-house keepers and those people and take in the whole situation—get everything just as it is—and have him report to you gentlemen before Congress meets.

Representative SPIGHT. Can you suggest some remedy for that system?

Mr. O'BRIEN. The matter will remedy itself.

Representative SPIGHT. We should like to do something along the line of applying a remedy.

Mr. O'BRIEN. I am in favor of a square open advance. When we had square advances we never had any trouble of this kind.

Representative SPIGHT. We have had that question before us and we want to do something.

The CHAIRMAN. Mr. O'Brien, before being further interrogated, state your case.

Mr. O'BRIEN. I scarcely know how to state it, because the feeling against the crimps is exaggerated by people opposed to boarding-house keepers, and they are not honest. I have been shipping men for some forty-three years. I have shipped men for fifteen and sixteen years out of the same house. Now, if those men were wronged, they would not go back a second time to that house. It is not reasonable to think they would.

Representative SPIGHT. Are you a boarding-house keeper yourself?

Mr. O'BRIEN. No, sir; I am not. I am in the shipping business, although I would not be ashamed if I was in that business.

Representative SPIGHT. Have you any interest in that business?

Mr. O'BRIEN. None at all. None whatever. I have gone around and got men at 3 or 4 o'clock in the morning; I have been in there mustering my crew when the men were eating, and I have often sat down and had my coffee with them. It was good enough for me.

I do not want anything better. Of course, being in the business, some people may say that I am in favor of the people in the business. I am not. I am telling you the truth.

All I ask you to do is to appoint a man for Philadelphia, New York, and Baltimore, and let him go round to the boarding houses and see the seamen. He can do it without anybody interfering with him, and let him report back, and you will find that what I tell you is right.

Representative SPIGHT. Do you undertake to say that there is no abuse in the crimp system?

Mr. O'BRIEN. Certainly; that it is exaggerated; that it is all attributed to the boarding-house keeper. They have nothing to do with it, because when a sailor has money he is one of the most independent men you ever saw in your life. He goes to houses of bad repute, and when he is broke he comes back to the boarding house.

We have just paid off here to-day a ship belonging to the Standard Oil Company, paying over thirty-seven hundred and some odd dollars. We advanced the money, and the men went to their boarding-house keeper and paid their bills. Some of them went away. Some are here yet. And some gave their boarding-house keepers money to keep for them. Now, if those boarding-house keepers were as bad as they are reputed to you gentlemen to be, the sailors would not have done that. It is a mistake. If you will do what I say, you will get at the bottom of the whole of it. I am supposed of course to side on my side of the crowd, but I would not do that. I do not care for the shipping business. I may drop out of it at any time. I am doing some building, too. I may get out of it altogether some time. I would suggest that you appoint some one for the different ports and let him take in the situation. Then you can find out the whole business.

#### THE SHIPPING AGENTS' COMPENSATION.

The CHAIRMAN. You say you furnish seamen?

Mr. O'BRIEN. Yes, sir.

The CHAIRMAN. To vessels?

Mr. O'BRIEN. Yes, sir.

The CHAIRMAN. How are you compensated, and what is your rate of compensation?

Mr. O'BRIEN. We charge \$2 apiece for shipping them.

The CHAIRMAN. That is all?

Mr. O'BRIEN. That is all the charge. That is the whole secret. We sometimes out of that bonus pay something to the men.

The CHAIRMAN. What do you mean by "bonus?"

Mr. O'BRIEN. We have to pay a bonus to the seamen.

Representative MINOR. A bonus for what purpose?

Mr. O'BRIEN. A bounty for men to go to certain places.

Representative SPIGHT. To whom does that go?

Mr. O'BRIEN. It goes to the boarding-house keeper or anybody who has the man in charge. Sometimes the men get it.

Representative SPIGHT. It goes to the boarding-house keeper?

Mr. O'BRIEN. Very often.

Representative SPIGHT. What benefit does the sailor get out of it?

Mr. O'BRIEN. He gets his board for nothing, and he gets some clothing for nothing, and that bonus makes that up.

Representative SPIGHT. Is that not charged up to him?

Mr. O'BRIEN. No, sir; it is made a present to him. He is supposed to know nothing about it. That is why I am in favor of square advances. There was none of that under the old shipping law. This law is precisely the same law that was passed when I was appointed shipping commissioner under President Arthur. It was then decided by the law officers of the Treasury Department that we had no jurisdiction over foreign vessels, and as long as we had no jurisdiction over foreign vessels we could not enforce it on American vessels. But I see that was reversed here by the decision of the Supreme Court not long ago.

The CHAIRMAN. As I recall it, under examination a Mr. Atkinson testified that when a sailor was shipped this was the proceeding: Suppose his monthly wage was \$30. He would get \$15 and the so-called crimp would get the other \$15. How is that? Do you know of any instances of that kind.

Mr. O'BRIEN. It is not \$15. We are paying a bonus to go across to Europe.

The CHAIRMAN. The sailor's contention was that he got about one-half of his first month's wages and the crimp got the other half.

Mr. O'BRIEN. You may call it the crimp. It is the boarding-house keeper. The word "crimp" is very broad, though. It applies to almost anybody.

Representative MINOR. Does it apply to the boarding-house keeper?

Mr. O'BRIEN. It applies to anybody.

Representative MINOR. It would not apply to you?

Mr. O'BRIEN. Those people are willing to have it apply to me. We are making a fight to get business. I am in the shipping business, and of course I hand my card to a captain and offer to pay off his crew free of charge and collect it afterwards.

Representative SPIGHT. What compensation do you get for that?

Mr. O'BRIEN. Two dollars a man for shipping.

The CHAIRMAN. The intimation on the part of the sailor was that the so-called crimp got one-half of the first month's salary without being entitled to it.

#### A SQUARE ADVANCE.

Mr. O'BRIEN. It is a bounty for getting the men. The man is in debt to the boarding-house keeper very often more than that, and if you give a square advance that bounty will be stopped at once, and it is the only way you can arrange it.

Representative SPIGHT. What do you mean?

Mr. O'BRIEN. Make the advance the amount agreed upon, the same as is done in England.

Representative SPIGHT. The testimony before this Commission has been against it.

Mr. O'BRIEN. You can not get along without it. If you do not give the square advance you will have to give the bounty. We are the people who must do that. Under the old law we would call their names off in the presence of the captain and ask them if they had their money. If any man stood up and said, "I am not settled with," we would call on the boarding-house keeper or his representative to settle with that man or we would not take him, because it is no interest to us. If he would go in the ship, there would be trouble. He would

be surly and the officers very likely would have trouble with him and there would be a fight. When they came back the sailor would probably sue the officer, and nine times out of ten the officer's money is all gone. Mr. Minor has been an officer and seaman, and he can bear me out in that. You know whether I am right or not.

The CHAIRMAN. Why is it necessary for a sailor to employ anybody?

Mr. O'BRIEN. He has to board somewhere.

The CHAIRMAN. Yes; but why is it necessary for him to employ anybody when he ships?

Mr. O'BRIEN. There is no one to bother with him. You would not be bothered with him. I would not. And the man owes the bill, and he goes with him to collect it.

The CHAIRMAN. Suppose he does not owe a bill?

Mr. O'BRIEN. Then he goes where he likes.

The CHAIRMAN. But you would get a fee for shipping that man?

Mr. O'BRIEN. I get \$2.

The CHAIRMAN. Why can he not sell his labor as others do?

Mr. O'BRIEN. He can.

The CHAIRMAN. You have not fixed it so that he can not do that?

Mr. O'BRIEN. No, sir. Quite a number of men ship themselves. We do comparatively none of the coasting trade, and I believe one-third of those officers pick up their own men.

Senator MALLORY. I should like to have you state who pays the bounty you have spoken of.

Mr. O'BRIEN. The ship.

Senator MALLORY. The ship pays the bounty to whom?

Mr. O'BRIEN. We generally collect it.

Senator MALLORY. Who are "we?"

Mr. O'BRIEN. The shipping agents.

Senator MALLORY. Where does the shipping agent get the men from?

Mr. O'BRIEN. From the boarding house.

Representative SPIGHT. Who pays the shipping commissioner?

Mr. O'BRIEN. The ship pays the shipping fee.

Senator MALLORY. You say you get your men from boarding houses.

Mr. O'BRIEN. Yes, sir.

Senator MALLORY. Is there any connection between the shipping agent and the boarding house?

Mr. O'BRIEN. None at all.

Senator MALLORY. How do you get your men?

Mr. O'BRIEN. We go to the boarding houses, or they come to the office.

Senator MALLORY. Who comes to the office?

Mr. O'BRIEN. Seamen.

Senator MALLORY. This bounty you say is paid by the ship?

Mr. O'BRIEN. Yes, sir.

#### AN ADVANCE IN FACT.

Senator MALLORY. Is it not, in fact, an advance of the seaman's wages?

Mr. O'BRIEN. I do not know what you can term it. You may call it anything you like.

Senator MALLORY. Does the captain pay you that bounty and charge it to the ship?

Mr. O'BRIEN. And charge it to the ship.

Senator MALLORY. He does not charge it against the sailor?

Mr. O'BRIEN. No, sir; it can not be done.

Senator MALLORY. It can be done.

Mr. O'BRIEN. They can not do it, and it is never done.

Senator MALLORY. It was in evidence before this Commission that it has been done.

Mr. O'BRIEN. It is not right. They can not do it.

Senator MALLORY. I admit it is not right.

Mr. O'BRIEN. It can not be done, and if anybody does it, he is liable to a very severe penalty.

I wish to suggest that you appoint a man for Baltimore, Philadelphia, and New York, and let him take up the situation of the boarding-house keepers. There are men around who do a lot of things—rob sailors and things of that kind—but the boarding-house keepers do not do it.

The CHAIRMAN. We will take your suggestion under consideration.

### ADDITIONAL STATEMENT OF CHARLES H. CRAMP.

The CHAIRMAN. Mr. Charles H. Cramp stated yesterday that he wished to be heard briefly this morning. Mr. Cramp, are you prepared to proceed at this time?

Mr. CRAMP. Mr. Chairman, I find that what I wished to submit is of such importance and my time has been so occupied that I have not been able to prepare it. Then again, I wish to touch on several subjects which have not been alluded to at all.

Senator PENROSE. Would you prefer to submit later a statement in writing?

Mr. CRAMP. I should like to have the privilege of doing so.

Senator PENROSE. Mr. Chairman, I ask that Mr. Cramp be permitted to file later with the Commission a statement of his views, to be embodied in the report of our proceedings.

The CHAIRMAN. In the absence of objection that order will be made. Subsequently the following statement was received:

Mr. CRAMP. I find, Mr. Chairman, that the same old stories and the same old songs that have been repeated for the last forty years are all dragged in again before your Commission as new matter by new people who have not heard of the past and who are posing as new discoverers.

Notwithstanding that this phase of the subject has become more than wearisome, yet a recent event in ocean transportation matters—the formation of the Morgan steamship merger—impels me to take up the question again as to the old story that foreign steamship companies are not subsidized and do not want to be, etc.

The falsity of this has been proven time and time again and exhaustively set forth in all of the reports of Congressional Committees on Merchant Marine since the report by the Lynch committee of 1870. On page 213 and 223 of this latter report will be found the valuable correspondence of Mr. F. H. Morse, consul-general of the United States to Great Britain, to Hamilton Fish, with tables given in the appendix on pages 240 to 247.

On pages 214, 215, and 216 will be found a detail of subsidies granted to foreign vessels at that time, and Mr. Morse says in relation thereto:



“NUMBER OF SUBSIDIZED LINES AND AMOUNT OF SUBSIDY.

“Here are 12 lines of steamers under contract for carrying the mails, for which they are paid an annual subsidy of £903,750, or \$4,392,244, and four other important lines running to the West Indies and South and Central America, subsidized by having granted to them the postage on all the mail matter they convey.

“In addition to the contracts above specified, contracts have been made for a mail service between Halifax and Newfoundland, New Orleans and Belize, British Honduras, and between New York and the Bahamas. The negotiations of these contracts have been left to the local governments, the home Government pledging itself to pay one-half the cost of each service.

“It is hardly necessary here to repeat the well-known fact, that the establishment and support of these trans-Atlantic lines of steamers, and the local lines in the West Indies and along the Atlantic and Pacific coasts of Central and South America, has brought by far the largest part of the trade of those countries to this side of the Atlantic. If we wish to extend our trade with these countries, we must offer greater facilities for conducting it, and not oblige traders to go to the most distant markets, because the means of communicating with them are more frequent, regular, and rapid.”

On page 214 he shows that £70,000 was paid in December, 1868, to the Cunard Line for mails to the United States. This was a stupendous sum, equivalent to the cost of a new ship per year, as the size of the four first vessels of the Cunard Line were small and cost about that much.

“THE STEAMSHIP MERGER.”

In two numbers of the North American Review, July and December, 1902, referring to the “Steamship Merger” and “British Subsidies and American Shipping,” I mentioned the fact that:

“In the competition between Great Britain and the United States in the ocean carrying trade there had been three distinct epochs. The first was when the British Government subsidized Samuel Cunard, and enabled him to found the great trans-Atlantic line which bears his name. They doubled the subsidy to Mr. Cunard when the Americans put on the Collins Line. Our Congress, on the contrary, in a freak of partisan politics, got into a quarrel over the subsidy question, which resulted in the withdrawal of its assistance to the Collins Line, and in consequence that line collapsed, leaving not even a vestige of its existence.

“The British, however, continued to build new ships and established new companies; but having no competition, no great advance was made in the type of the ships they built or in their performance.

“The second epoch was in 1871 and 1872, when the announcement was made that an American company had been formed with the intention of building four ships. These ships were built by the Cramps, and were known as the *Pennsylvania*, *Ohio*, *Indiana*, and *Illinois*. The prime requisite was that these vessels should beat the British *City of Brussels*, then the crack Atlantic greyhound in the British fleet; and they did it, and with one-third less coal consumption.

“The British Government met this renewed effort on our part by the increase of subsidies for mail carrying in its own ships, and also by what is known as the ‘naval subvention;’ that is to say, the paying

of a retainer to certain classes of ships for readiness to be converted into auxiliary naval vessels.

"In the meantime our Government did nothing for the new American line. Its ships, however, struggled along; they were extremely popular notwithstanding the fierce opposition they encountered. They were ultimately sold to the Red Star Line—an American line that had been subsidized by the Belgian Government—and were sailing under the Belgian flag.

#### IF THE COLLINS LINE HAD LIVED.

"It might be worth while to speculate what the result would have been if our Government had emulated, in respect to the Collins Line, what the British Government did for Cunard. If the United States Government had aided the Collins Company to an extent that would have enabled it to build a new ship each year, does anyone suppose that, under such circumstances, the Collins Line would have gone to pieces, or that the Cunard, or the other British lines that speedily followed, would have so easily gained the unquestioned supremacy they did gain? Or, would it be unprofitable to speculate what the American line of 1872 might have done if our Government had emulated the policy toward it that the British Government immediately inaugurated toward its own steamship lines in order to enable them to crush their American rival? I will not attempt to answer these questions; but they ought to be food for reflection.

"Fruitless as these experiments turned out to be, so far as the development of the American merchant marine was concerned, their operations and the policy which they forced the British Government to adopt and pursue left an indelible impress upon the management of the ocean merchant marine of Great Britain. From the time that the American line of 1872-72 passed out of the lists of serious competition, the British monopoly grew year by year until its unquestioned supremacy was fully recognized. This brings us down to the latter part of the seventies—say about 1877.

"At this time the competition of the French and German lines was not sufficient to disturb the British monopoly. The English went on from that time increasing the size and speed of their trans-Atlantic passenger ships and turning out immense numbers of the cheapest kind of freight ships, called 'tramps;' but the improvements they made in ocean liners were not commensurate with the rapidly increasing demands of the traveling public. As for the freight ships, no improvement was attempted in them at all during this period. On the contrary, as has been wittily said of the tramp ships in those days, 'the English built them by the mile and cut them off in lengths to suit.

#### GERMANY IN FIRST PLACE.

"As I have often said elsewhere, it is a rule in human affairs that neither a man nor a nation can stand still. If they do not go ahead they must retrograde; and, with exceptions not worth mentioning here, the British stopped and stood still in the matter of steamship development several years ago. To discuss the cause of this supineness in detail would take too much space; but it may be said that the first great palpable evidence of the decline of British supremacy in the ocean carrying trade appeared when they took up such an immense quantity of tonnage for transport service at the beginning of their

extravagant and disastrous South African war. Under the stress of this emergency the decline became more obvious than it had seemed under normal conditions; but, while the British were standing still and therefore retrograding, the Germans went ahead with giant strides.

"This British supineness and this German progress have continued until the present time. Their effects were very greatly accentuated when the Germans made haste to take up in all directions the traffic that the British had wholly or partly abandoned in consequence of the South African war. The result is that Germany has practically taken the first place in the North Atlantic, and Great Britain has been relegated to the second place. Of course, there is a great deal more British tonnage than German tonnage, but the German ships are nearly all modern types, many of them new and in the total average superior in capacity and performance to the total average of British tonnage in the ratio of more than two to one.

#### CUNARD LINE AGAIN.

"The third epoch was the formation of what is commonly known as the Morgan Steamship Merger, which has now been brought into practical working shape under the name of the International Mercantile Marine Company.

"This is a brief description of the three distinct eras of competition, without going into any detail whatever.

"The old adage that 'history repeats itself' was never more perfectly verified than it has been in the recent outcome or effect of the causes operating in the third and last epoch. The newspapers of England and America for the last few days have been replete with discussion of the action of the British Government explained in the speech of Mr. Gerald Balfour. This action was the resubsidizing of the Cunard Line, in order to keep it out of the hands of the so-called Morgan Merger and to retain it under purely British control and capitalization.

"The curious coincidence is that, fifty years ago, the British Government used the Cunard Line to destroy the American Collins Line. Thirty years ago, it used the Cunard Line to destroy the old American Line. And now it is using the Cunard Line to meet and combat the new American Merger. In each case, the effort of the British Government to protect its shipping interests has taken the form of an increased subsidy; and, in each case it has selected the Cunard Line as the principal object of assistance."

Again, in the December, 1902 number, page 830, I refer to the last subsidy paid to Cunard as follows:

#### ENGLAND THE GREATEST SUBSIDIZER.

"For years and years we have been accustomed to hear it declared by a certain class of statesmen (so called) on the floors of Congress, and by editors in a certain class of newspapers, that Great Britain did not pay any subsidies for the maintenance or promotion of her merchant marine; and, whenever Americans have advocated that kind of policy toward American shipping, they have been denounced as 'treasury grabbers' and 'subsidy beggars.' But now let us hope that no American statesman or politician or editor will be sufficiently simian to repeat that stale falsehood.

"The real fact is that Great Britain is and always has been the greatest subsidizer in the world, and it is also true that her policy in that direction is and has been the principal cause of the supremacy in the ocean carrying trade which, in the general average, she has maintained since 1860. Whether she will prevail in the new competition which confronts her, as against Germany on the one hand and the United States on the other, is a question to be settled by events; but one thing is certain, that she will exhaust the power of public aid and subvention to recover the ground that she has lost.

"The really significant, or rather the most significant, fact connected with this special subsidy to the Cunard Line is intimated in that part of Lord Brassey's speech already referred to, in which he said that the British shipbuilders must look to their laurels in the construction of ocean steamships of the type of the Hamburg-American liner *Deutschland*, and he based his argument in favor of increased subsidies upon that contention.

"In this connection it is necessary to quote clauses 1, 2, 3, 4, 5, 6, 7, and 8 of the agreement entered into between the Cunard Steamship Company and the British Government, September 30, 1902. They are as follows:

#### THE CUNARD SUBSIDY.

"1. The Cunard Company are to build two large steamers for the Atlantic trade of high speed.

"2. The agreement is to remain in force for twenty years from the completion of the second of these vessels.

"3. The Cunard Company pledges itself, until the expiry of the agreement, to remain a purely British undertaking, and that under no circumstances shall the management of the company be in the hands of, or the shares or the vessels of the company held by, other than British subjects.

"4. During the currency of the agreement the Cunard Company is to hold at the disposal of the Government the whole of its fleet, including the two new vessels and all other vessels as built, the Government being at liberty to charter or purchase all or any such vessels at agreed rates.

"5. The Cunard Company also undertakes not to unduly raise freights, nor to give any preferential rates to foreigners.

"6. The Government are to lend the money for the construction of the two new vessels, charging interest at  $2\frac{1}{2}$  per cent per annum. The security for the loan is to be a first charge on the two new vessels, the present fleet, and the general assets of the Cunard Company.

"7. The Cunard Company is to repay the loan by annual payments extending over twenty years.

"8. From the time the new vessels commence to run the Government are to pay the Cunard Company at the rate of £150,000 per annum, instead of the present admiralty subvention."

"The two new vessels which the Cunard Company undertakes to build with the money loaned by the British Government are estimated to cost \$5,000,000 each, or \$10,000,000 altogether, and they are expected to surpass in speed and other qualities any other vessels afloat.

"It will be noted that the terms of the agreement is twenty years, and that the subvention of \$750,000 a year is, practically, interest on

the \$10,000,000 at the rate of  $7\frac{1}{2}$  per cent. It will be noted, further, that in the agreement the British Government, under clause 6, in loaning to the Cunard Company the money necessary to build these ships, requires interest thereon at the rate of  $2\frac{3}{4}$  per cent per annum. That leaves  $4\frac{1}{4}$  per cent of the subvention per annum to inure to the benefit and use of the Cunard Company. As the term is twenty years, it will be seen that this net surplus of  $4\frac{1}{4}$  per cent per annum will come very near paying the first cost of the ships during the twenty years. Doubtless it is assumed that the company will make some profit of its own in the operation of these ships. But the surplus of  $4\frac{1}{4}$  per cent which the Government provides in its subsidy for a period of twenty years would come within half a million dollars of paying the total estimated cost.

"It may be that the ships can be built for nine and a half millions. If that should be the case, then the surplus of the subsidy allowed by the Government would be the full first cost of the two ships in the twenty years of the agreement.

#### THE HISTORIC BRITISH METHOD.

"This method is the traditional method of the British Government in such cases. It is a repetition of the arrangement which they made with Samuel Cunard at the time when he was aided for the purpose of crushing the Collins Line, in the early fifties, by doubling his subsidy. As I point out on page 7 of the North American Review for July, the British Government increased Mr. Cunard's subsidy to an extent that enabled him to add to the fleet of four ships he already possessed at the rate of another and better ship each year, and his policy was maintained until the Collins Line was destroyed. After that the British Government continued to subsidize the Cunard Line liberally, but not to so great an extent as it had done while the Collins Line was in existence.

"Another instance of the same character occurred in connection with what is known as the Empress Line, plying between Vancouver, or the western terminus of the Canadian Pacific Railroad, and the Orient. When this line was created three ships were built, and the British and Canadian governments joined hands to provide an annual subsidy equal to 10 per cent upon the first cost of the ships, and the term of that subsidy was made ten years. The British Government pretended that the object of putting this line on was as much military as commercial. But, as a matter of fact, the Empress Line was put on mainly with a view of destroying or at least crippling the American Pacific Mail.

"Now, in this new special subsidy to the Cunard Line the same policy is being repeated; but in this case there is no subterfuge, no pretext. It was openly avowed by Mr. Gerald Balfour in his speech that the decision in council to give this special subsidy to the Cunard Line was made in order—

"First, to prevent that line from becoming a part of the American or Morgan merger;

"Second, to keep it under purely British control and capitalization; and

"Third, to enable it to build ships capable of equaling, if not surpassing, the highest types of ships which had been produced in Germany and which were being operated under the German flag.

"In other words, this special Cunard subsidy of three-fourths of a million a year is the practical expression of the apprehension of the British Government and of its determination to use its resources for the purpose of habilitating its merchant marine, which had, as I pointed out on pages 11 and 12 of the North American Review for July, fallen behind on account of supineness and self-complacency.

"The logical deduction which our Government ought to draw from these facts, which are notorious and beyond dispute, I leave to be judged by the intelligent reader.

"Three times in history our merchant marine has gone to the wall through the persistent refusal of our Government to meet the conditions which the policy of the British Government imposed upon the competition. And I will add here that all the arguments that have been made in favor of the shipping bill now pending in Congress, put together, are not half as cogent as the fact of the British Government's action at this juncture.

#### LARGEST OF BRITISH SUBSIDIES.

"In fact, this new subsidy to the Cunard Line is the most tremendous effort of that kind ever put forth by the British Government. By its terms the British treasury lends to the Cunard Company money enough to build two of the largest, fastest, and costliest passenger ships in the world. It lends at  $2\frac{1}{4}$  per cent per annum interest, and it requires repayment of the loan in twenty years; but, at the same time, it gives the Cunard Line a subsidy sufficient to repay the loan in 20 annual installments.

"This is somewhat a round-about way of making the Cunard Company a present of two of the best ships in the world. Doubtless if any American shipowner or shipbuilder should propose a subsidy of that nature to our Congress there would be among our free-ship statesmen an epidemic of nervous prostration."

While these subsidies of Great Britain are of the most liberal character they are insignificant as compared with what that Government has done by indirectness in building up their shipbuilding and shipping industries. I refer to the fact that all of the engines in British war vessels up to this time have been built by private engine builders and that at liberal prices. The first public statement of that fact is in Mr. Morse's letters in Mr. Lynch's report of 1870, which I have referred to before.

On pages 239 to 245 of the report will be found a list of war vessels built in Government dockyards, principally of wood, also a list of vessels whose hulls and engines were built by contract, principally of iron.

The prices awarded were of the most liberal character, enabling the builders to add to their plants tools and machinery of the largest description, the cost of which was always included in the first cost of the ships in estimating.

The theory of this liberal expenditure was that in order to build, repair, and maintain a large navy, particularly in time of war, these private establishments must be fostered and encouraged in large expenditures for plants. Among the incidental benefits arising from this procedure was that a large body of workmen were trained to do high-class work who would always be available when wanted; besides this the establishment of forges, foundries, rolling mills, and other establishments became necessary as collateral industries.

The four dry docks at the Lairds Works is a forcible illustration of this kind of encouragement. The Lairds, in contracting for four battle ships at different times, were enabled to excavate and build dry docks to build them in and at a profit over the cost of both ships and docks, from the prices they got for the work. The theory holding in this case, as well as that of others, was that in case of war the Government would have abundant dry-dock facilities to repair and fit out their great fleet of vessels with proper dispatch.

#### NAVY ENCOURAGEMENT TO SHIPYARDS.

This encouragement and assistance from the British Government enabled the private shipyards and marine-engine shops to take up the construction of the larger merchant ships, which were growing larger daily, with large plants practically furnished by the Government.

From "King's Navies of the World" and from "Brassey" I find that for the vessels included in the two lists referred to that Great Britain expended \$34,000,000 for the engines in the first list to private parties; and in the second list about \$69,000,000 for vessels, including both hulls and engines, to private parties—making a total expenditure of about \$104,000,000 appropriated to private shipbuilding and marine-engine construction during the period between 1850 and 1870.

This was when the great transition from wood to iron took place, when sails were gradually giving place to steam, and a beginning was made in the use of compound engines. It was also during a period, more than at any other time since ships were built, that encouragement was wanted, and hundreds then were of more use than thousands to-day.

I will not attempt to speculate what would have been the result if the United States Government would have done for our shipyards what the British did for their own at that time.

One thing is certain: If our Government would have appropriated one-half of this sum in contracts at that period with the most important shipyards here there would not have been any occasion for Congress to have appointed a committee of this kind.

One great additional result of this indirect assistance to private shipbuilders in building war vessels complete was that foreign governments which had no shipyards of high standing nor experienced naval architects rushed to England to duplicate the British ships at the yards where they were built, knowing that they could get duplicates at least, if nothing better, of British construction, which had set the pace in that direction.

#### FOREIGN NAVIES ENGLISH BUILT.

Many of the war ships of the Continent, all of the South American, Chinese, and principally of Japan were built there, and by the best builders, adding millions in addition to the great sums already enumerated. The most important of these foreign expenditures in Great Britain was that of Japan, in 1897 and 1899, of the Chinese indemnity of about \$100,000,000 in building the great fleet now so much in evidence.

Following the fashion at that time, certain Congressmen and naval officers, who still live, advised Mr. Whitney to build in England when he was considering his additions to the new Navy, but Mr. Whitney,

who was a thoroughbred American, resented the advice in a public letter to the Congressional committee.

This indirect assistance to the shipbuilding industries—forges, foundries, rolling mills, armor plants, etc.—by the British Government has enabled her to build the great mercantile marine and run it, and the consequential additional aid through the patronage of the foreign governments has made England paramount as the great commercial power of the planet.

In this connection it would be well to refer to the fact that the present Emperor of Germany, in building up his great navy and mercantile marine, referred to in my first paper, subsequently followed the policy of Great Britain in the direct and indirect assistance he afforded to his private-ship and marine engine builders by the award of direct subsidies to his German-built merchant marine and to the award of contracts at liberal prices to the German shipbuilders in building war vessels.

In a letter to a member of the Manufacturers' Club in 1897, in relation to the decadence of our merchant marine, I referred to the Emperor thus:

#### GERMANY'S NEW RICHMOND.

"Recurring to the consideration of questions affecting the merchant marine, we find 'a new Richmond in the field,' so to speak. Until recently the English had no competition of serious character in the ocean-carrying trade of the world; but within the last ten years, and mainly within the last six, Germany has come to the front as a shipbuilding and ship-owning nation.

"Germany owned ships long before, but it is worthy of remark that until she began also to build ships, and to build them on a large scale, her rank in the carrying trade of the world remained wholly secondary and subordinate. So long as the German shipowners depended on British shipbuilders for their vessels, the growth of German ocean carriage was limited and dwarfed.

"The great change that has occurred is nearly coeval with the reign of the present Emperor. From his accession until now he has been a most indefatigable promoter of the foreign commerce and the shipbuilding interests of his Empire. It is hardly too much to say that the capacity of German shipyards to build such vessels as the *Wilhelm der Grosse* is due almost entirely to the fact that he has exhausted both his personal influence and his imperial power to promote that industry in Germany."

The Emperor, in his efforts to promote Germany's commerce and extend the scope of German industries, still maintains his attitude of vigorous supervision over the shipbuilding industry in every phase of its application to warlike and commercial policy and interests.

#### STATEMENT OF ALFRED H. LOVE.

Mr. LOVE. It was my privilege, Mr. Chairman and gentlemen, to be with the Pan-American Congress at the time when Mr. Blaine appointed it and it visited Philadelphia. We had then two delegates from every republic in Central and South America, and after visiting our manufacturing places this incident occurred:

We went to the Cramp shipyard. They were building the *Vesuvius*, the *Philadelphia*, and other war vessels. A very large company



gathered around, and this was the expression of the Pan-American Congress: "Why do you build so many war vessels, and why does your Government appropriate so much for war vessels when we in the South are suffering for a merchant marine? We have our hides, our tallow, and other products, and we can not reach your markets, and we want the manufactured goods we have seen in Philadelphia. Can you not give us better facilities?"

After that, one of my firm went to Brazil, where thousands of acres were offered for the rubber industry. We could not develop them nor could they succeed, because there were no lines of transportation by vessel.

That is my argument for building up a larger and better merchant-marine service for our country. The South Americans said: "There is no one who will flare up at your country. You are too good customers for us and you have too much we want. It will be your best protection if you will give us a better merchant-marine service and not have us send our goods to England and then back to you and in turn get your goods through the triangular course."

#### STATEMENT OF WILLIAM S. SAMUELS.

William S. Samuels appeared before the Commission.

The CHAIRMAN. What is your business?

Mr. SAMUELS. I am a seaman, by profession.

The CHAIRMAN. You know the scope of this inquiry?

Mr. SAMUELS. Yes, sir.

The CHAIRMAN. You know what it contemplates?

Mr. SAMUELS. Yes, sir.

The CHAIRMAN. The Commission will be glad to hear from you on any point connected with the investigation.

Mr. SAMUELS. I have given this matter a great many years' thought. I must confess that I crawled through a ship's hawse pipe up to command. I have seen American shipping at the height of its prosperity and in its present state. During all the years that I have seen it dwindling, I have tried to think of some way by which it might be remedied. The only conclusion I could come to was that we should have the privilege of buying our ships where we can buy them cheapest and a bounty from the Government to help sail them, say for ten years, equal to the difference in the cost of operating our ships as compared with foreign ships.

I speak now altogether of the foreign trade. The coastwise shipping has all the protection it needs. If, after trying for ten years, the experiment I suggest of free ships and a subvention for sailing them, based, perhaps, on so much per ton per mile, whether the ship is in ballast or loaded, we could not succeed in restoring our commerce, I would say to give it up and go into some other business.

The CHAIRMAN. Are you connected with any foreign construction company?

Mr. SAMUELS. No, sir.

The CHAIRMAN. You are not?

Mr. SAMUELS. No, sir; not at all.

The CHAIRMAN. Were you not connected with the British Lloyds at one time?

Mr. SAMUELS. No, sir; in no way. I am an underwriter's representative.

**STATEMENT OF ROBERT WILTBANK.**

Robert Wiltbank appeared before the Commission.

The CHAIRMAN. What is your occupation?

Mr. WILTBANK. I am a retired shipmaster, and at present am secretary and general manager of the Vessel Owners and Captains' Association.

The CHAIRMAN. You know the scope of this inquiry, I presume?

Mr. WILTBANK. Yes, sir; somewhat.

The CHAIRMAN. Give us what light you can on the subject.

Mr. WILTBANK. I think this thing has been pretty well thrashed out. There is one thing about which I have not heard a word spoken, and that is in regard to our Government vessels, our revenue cutters, our war vessels. When a man signs the articles there he has got to go. You compel him to go. In the merchant service it is nothing unusual for a man to ship a crew here, but after they ship and sign the articles, when the ship is all ready with the steamboat alongside, they back out and refuse to go. We have no authority whatever backing us up to put those men on board our ship. Consequently it makes a detention.

**NEVER SAW A MAN ABUSED.**

There has been a great deal said about the abuse of sailors and things of that kind. I have been a master of ships in the foreign trade since 1857. I say positively, gentlemen, even when I was an officer on a ship, or before the mast, or master of the ship, I never saw a man abused on board ship in my life—never. Having been master of a ship since 1857, I was in wild packets, as they call them, and it was in a wild trade, and I would have seen it if it happened; I never did.

As regards the advance business, I think if we could regulate that to a certain extent it would be a good thing for us and it would be good for the sailor. I put in the Brazilian trade twelve and a half years of my time, and thirteen years in the Central-American trade. At that time the American flag used to float everywhere, but why it does not do it to-day I can not say. We have our troubles with our men. It costs us more to sail the American ship for the simple reason that we have to go to those fellows, the association, as they call it, and we have to pay the wages they like. I believe in every man getting well paid for his labor. I think it is just that he should get it. We feed on our vessels better than on any vessels in the world.

That is all I have to say, gentlemen.

**ADDITIONAL STATEMENT OF ALONZO RICHARDS.**

Mr. RICHARDS. I wish to correct a mistake I made here yesterday. I admit everything that I said, as read by the chairman, except one particular thing, regarding the remarks that the men were sea lawyers and the story was well composed. That statement was uttered by the commissioner before whom the case was tried and not by the shipping commissioner. The men refused to take it to the United States shipping commissioner's office.

We took the case to the United States commissioner and Joseph L. Branton was counsel for the men. The necessary receipts required by

law to prove that these men had the money were never shown in court. There was nothing that convicted the men only the captain's verbal evidence. And the men testified that they had never received the money. The captain testified they did. The commissioner's reply at the trial—not the United States shipping commissioner—was that it was a story well composed and they were sea lawyers.

The CHAIRMAN. Commissioner Craig made that observation?

Mr. RICHARDS. Yes, sir; and not Mr. Knight. We had to go to Mr. Knight's office to be paid off, and the captain emphatically refused to pay them off there.

The CHAIRMAN. How does it happen, according to Commissioner Knight's statement, that the seamen are never willing to arbitrate their differences before him as shipping commissioner?

Mr. RICHARDS. For the simple reason that the seamen in this country have never attained any right except by hard fighting—very hard fighting. Their cases have been appealed from one court to the other. If we sign the arbitration papers that makes the decision of the commissioner final, and we can not appeal. If we take the case to the United States commissioner at Ninth and Chestnut, and he renders an unfavorable decision, we can appeal the case if we see fit. That is the reason.

Senator MALLORY. You mean by that statement that if you go before the shipping commissioner you have to sign an agreement?

Mr. RICHARDS. An arbitration blank.

Senator MALLORY. And from his decision there is no appeal?

Mr. RICHARDS. No, sir.

Senator MALLORY. Whereas if you go before a United States district court commissioner you can appeal.

Mr. RICHARDS. Yes, sir; which we often do.

The seamen in this country have no desire whatever to be handled by the crimp. They have done all in their power against it. They can not do any more. They all seem to think, as I do, that the only way that the condition of the seamen can be ameliorated is by the seamen of this country having a fair chance to meet the masters or the captains of the vessels themselves and substitute agreement for aggression, and that is what we have not had any chance to do.

The CHAIRMAN. Does Mr. Lewis desire to be heard?

Mr. LEWIS. I thank you for calling upon me, but I have not anything special to say.

The CHAIRMAN. I have called all the names on the list handed to me. Does any other gentleman desire to be heard?

### REMARKS OF THE CHAIRMAN.

The CHAIRMAN. In behalf of the Commission, I wish to express our appreciation of the kindly manner in which this inquiry has been met by gentlemen representing various interests in connection with the shipping business here. I meant to say in a former statement which I made, but I omitted it, that so far as I can ascertain this Commission has entered upon the discharge of its perplexing duties without any prepossessed opinions on the subject. Mr. Cramp this morning frankly stated that he had formerly advocated a ship-subsidy bill, but now favored discriminating duties. I think I can say that every member of this Commission is open to conviction upon evidence; and

whether or not we shall be able to work out this problem, even to a limited extent, I know I voice the sentiments of my associates when I say that our purpose is to give intelligent consideration, regardless of our own personal comfort, to the solution of the question, in the hope that we may lay the foundation at least for some legislative action which will result in the future in the upbuilding of the merchant marine of the United States. [Applause.]

Representative SPIGHT. And without regard to any personal consideration.

The CHAIRMAN. We have been most delightfully entertained in your beautiful and progressive city. We did not come here for social attentions or to indulge in a so-called junket. We came here on business, and we will leave you gentlemen with most pleasant recollections of our relations during the past two days.

### RESPONSE OF JOEL COOK.

Mr. COOK. May I be permitted, on behalf of the Board of Trade and of the commercial interests of Philadelphia, to express our thanks to you for the careful attention and patient hearing you have given every branch of the maritime business in this port?

The CHAIRMAN. On behalf of the Commission I will add—and it might properly have found expression in a formal resolution—that the Commission appreciates most highly and desires to return very sincere thanks to the board of trade for granting us this audience room in which to conduct our hearings.

Thereupon, at 12 o'clock meridian, the Commission adjourned to meet in Baltimore to-morrow, Saturday, May 28, 1904.

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## HEARING AT BALTIMORE.

UNITED STATES DISTRICT COURT ROOM,  
*Baltimore, Md., May 28, 1904.*

The Commission met at 11 o'clock a. m.

Present: Senators Gallinger (chairman), Martin, and Mallory; and Representatives Minor, Humphrey, and McDermott.

### ADDRESS OF HON. THOMAS J. MORRIS, UNITED STATES DISTRICT JUDGE.

Mr. MORRIS. Mr. Chairman and gentlemen, it is my privilege to say a few words welcoming you to Baltimore, and expressive of our great appreciation of your visit. We feel that the port of Baltimore has been since the early days of the colonies one of the important natural ports on the Atlantic seaboard. We feel that we have always had here the men and the enterprise which have enabled us to contribute a considerable share to that reputation which the Americans have earned for being admirable shipbuilders and enterprising mariners. We feel that we have here a fine port and harbor, with natural advantages, which have been largely supplemented by the artificial appliances of modern times.

We feel, as I think all the people in the United States feel, or ought to feel, that the United States has not maintained that share of the

carrying trade of the world to which our energy and capacity entitle us. Why we have not is one of the problems which vexes our generation, and the duty in regard to which has been devolved upon this Commission. We hope that your visit here may result in your receiving information, some facts, some knowledge, which, perhaps, added to that great store you already have, may be of some assistance to you in solving the difficult questions which your public service devolves upon you.

I am happy to be able to express, on behalf of the gentlemen here present and the people of Baltimore generally, a most hearty welcome to the Commission.

### RESPONSE OF THE CHAIRMAN.

The CHAIRMAN. Judge Morris, in behalf of the Merchant Marine Commission I wish to thank you, sir, for your kind words of welcome.

This Commission was constituted by an act of Congress approved on the 28th day of April last, and the duty imposed upon the Commission is so well expressed in section 2 of the act that I will take the liberty of reading it:

"That it shall be the duty of this Commission to investigate and to report to the Congress on the first day of its next session what legislation, if any, is desirable for the development of the American merchant marine and American commerce, and also what change, or changes, if any, should be made in existing laws relating to the treatment, comfort, and safety of seamen, in order to make more attractive the seafaring calling in the American merchant service."

The Commission is composed of five members of the Senate and five members of the National House of Representatives. As chairman of the Commission it is a matter of regret to me that unavoidable circumstances have kept away from this meeting a portion of our membership.

We have held interesting hearings in New York and Philadelphia, and it is purposed to extend the hearings to Boston, to the lake ports, to the Puget Sound territory, to San Francisco, and to some ports in the South Atlantic and on the Gulf.

We are here in pursuit of information. In common with all other Americans, we understand the deplorable situation. That our American merchant marine is practically driven from the ocean is a fact. We all deplore it and would be glad to find a remedy, if there is any practicable way in which to accomplish that very desirable result.

What we are in search of is information from practical men, and we shall be very glad indeed to listen to suggestions from the enterprising, progressive business men of Baltimore, who, in common with those of other American ports, have most at heart the consummation we are trying to reach. We are in hopes that this inquiry will throw light upon the subject to an extent that will at least enable this Commission to lay the foundation for future legislation in the interest of American shipping on the high seas.

With these introductory remarks, we are prepared to hear statements from any gentlemen who may desire to be heard; and I will first call on Mr. Bernard N. Baker.

**STATEMENT OF BERNARD N. BAKER.**

Bernard N. Baker appeared before the Commission.

The CHAIRMAN. Mr. Baker, please state to the Commission what your business is.

Mr. BAKER. I am entirely out of business at the present moment, but I have been interested in the shipping question. My past experience, which I have taken the liberty of committing to writing, will, I think, answer that question.

Before addressing you on the subject I wish to express our appreciation of the honor done us by visiting our city, and to say that, although you will find the city in a somewhat crippled condition on account of our fire, there still live the sons and grandsons of the men who once made our merchant marine famous and carried the American flag to every port in the world in the renowned old Baltimore clippers. I believe we can do it again.

Mr. Chairman and gentlemen, in presenting my views on the building up of the merchant marine of the United States I find it is necessary to give you my personal experience.

About twenty years ago, seeing that very little of the large volume of export business from this country to foreign countries was being done by citizens of the United States, and knowing of the great success of many of the foreign companies engaged in ocean transportation, most notably the White Star and the Peninsular and Oriental of England, the Hamburg-American Packet Company and the North German Lloyd of Germany, who were all doing a large and very profitable business, it occurred to me that a part of this profit could be earned by citizens of the United States.

With this object in view the Atlantic Transport Company was organized in Baltimore. During that time in our experience we built, bought, and chartered more than 100 steamships. The success of the company was phenomenal up to the time of the change in management and its passing into the hands of the International Mercantile Marine Company. During all this time there was never a period when we were not anxious and willing to build ships in the United States and run them under our flag, but unfortunately we have never been able to do so.

**BUILT IN ANTICIPATION OF SUBSIDY.**

When the subsidy bill was introduced in Congress our company at once contracted for six steamships to be built in the United States, under the assurance that that bill would be passed. You all know of its failure. Two of the largest and best of these steamers the company disposed of to a trade limited entirely to American-built steamers (the Pacific Mail). They were probably two of the finest ships ever built in the United States. Fortunately they will remain under the American flag. The other four ships, being of the class of freighters or ordinary cargo boats, have been laid up, I believe, for a greater portion of the time since their delivery, and can not be profitably employed to-day under our flag.

First, do the people of the United States want a mercantile marine? This is a question that you gentlemen are much better posted upon than I could possibly be, but I can only say that from what informa-

tion I have been able to gather, the citizens of the United States do want a mercantile marine.

Second, do we need it? The absolute necessity for an increased mercantile marine was demonstrated at the beginning of the Spanish-American war. At this period the President of the United States sent for me.

#### THE LESSON OF THE SPANISH WAR.

Without going into details I found (and I think I can make this statement without fear of contradiction) that it was an impossibility for the ships then under the American flag to carry all our troops to Cuba and the Philippines. It was an impossibility, gentlemen, with what we had, and had it not been for the assistance given us by other countries, it never could have been done.

The result of this interview with the President was the transfer to our Government of seven large steamers then under the British flag. I personally proposed to the honorable Secretary of War a plan for the transferring of the ships owned and controlled by our company to me and by me to the United States Government. Having absolute control of a majority of the stock of the company, my position enabled me to make the transfer without difficulties. If the Spanish ambassador in London had protested, the transfer could not have been made. Suppose our trouble had been with England, what could have been done?

I will say that in an interview with the Attorney-General at that time the question came up how it could be legally done, and the only way in which it could be legally done was by transferring the vessels to an individual, an American citizen, and by his transferring them to the United States.

I think this demonstrates the absolute necessity for the United States to have in some way under their own flag a sufficient amount of mercantile ocean tonnage to meet any emergency that might arise.

#### OUR NEED OF FAST AUXILIARIES.

When we come to the more important question of the so-called "commerce destroyers," or fast transports, I believe to-day, from my knowledge and experience in the steamship business, that France, Germany, and England, in the event of difficulties with any of these countries, could destroy every vestige of American ocean commerce or drive it from the high seas within sixty days after hostilities were declared, and that our Navy would be absolutely powerless to capture the twenty-two to twenty-five knot ships owned by those countries.

Again, were it necessary to transfer any large number of troops to a foreign soil, there is not one first-class power that could not deliver them to such foreign soil in a fraction of the time that would be required by the United States with our mercantile marine in its present condition. I think the citizens of the United States are sufficiently patriotic to want ships equal to any maritime nation for transport service, and they should have them. If England can expend \$13,000,000 for two steamers for transports, and give them a large subsidy in addition, why can not we?

The policy of our Government since the Spanish-American war has been, with the assent of both parties, largely to increase the number

of vessels, and also the speed and efficiency of our Navy. Without the assistance of armored scouts capable of carrying guns, such as the new Cunard vessels and also the fast ships of the German companies, it would be impossible for our Government to be advised in case of the approach of a hostile squadron to our shores or to our fleets for hours after these countries could know of their position and character.

#### A DIFFERENCE OF 40 PER CENT.

Third, how can we acquire the ordinary merchant steamer? By actual experience, the difference in cost is about 40 per cent; but to confirm this I am making arrangements now, and hope to be able to present to your honorable Commission before the meeting of Congress in December, actual bids from German, English, and American builders for identically the same class of ships, both for mail and general cargo purposes. The increased cost of a fairly good type of general cargo boat, such as those built by the New York Ship Building Company for the Atlantic Transport Company, and owned at present by the Pacific Mail, was 41 per cent. I believe that on the very highest class of fast ships, such as the Cunard are building to-day, the additional percentage of increased cost would not be quite so great; but of this I can not speak from actual experience. The figures depend entirely upon the time you take, the price of steel varies so in England and in the United States.

#### MR. BAKER'S PLAN.

Now, the first and most important question for anyone desiring to engage in the mercantile marine is, Upon what terms could they induce capital to invest in American ships? First, and most important of which is the difference in cost, the consequent additional depreciation, insurance, and interest on the capital required.

I suggest that Congress should make an appropriation of an amount each year, for so many years, for the building of American shipping. This should be made subject to a contract being entered into by public proposals, so that no one citizen or corporation of the United States would have any undue advantage. It should be placed in the hands of the proper department of the Government to make such contracts (probably the Treasury Department), and a form of bid should be made as to what amount and character of tonnage would be added to the American flag each year by the contracting parties.

That under no circumstances would the transfer of these ships to any foreign flag be allowed for twenty years, which is the average life of a good ship. That during that period they must be engaged in the foreign commerce of the United States, and always be subject to the call of the Government for transport service. I believe there would be many bidders. Bids should be based on the actual difference of cost between the same character of ships built in any foreign country and in the United States, and the bidders must make such calculations as to the additional compensation and accommodations necessary for American officers and American apprentices in proportion to the tonnage of the proposed ships, and an increased portage scale, thereby throwing upon the bidders the responsibility of assuming all the difference in cost that there might be.



## MUST COMPENSATE FOR ADDED COST.

It is absolutely necessary that this question of first cost and increased investment should be made good to secure capital, or, in other words, place the American steamship owner in the same position as though he were German, French, or English. I do not bring in any question of Norwegian, Scandinavian, or Italian ships, which would be very much less. I leave that all out, but put us in the same position as are the first-class powers.

Senator MALLORY. Have you thought sufficiently in detail to indicate what you think would be an adequate amount to start with?

Mr. BAKER. I will give it to you later on, Mr. Senator.

In addition to this the question of commerce destroyers and fast mail steamers is a most important one. I would advise that an appropriation be made for a mail contract for at least three, and possibly four, of the fastest ships afloat for mail purposes to a foreign port, and awarded to the lowest responsible bidder.

I think you will admit that in inviting capital to invest in mercantile enterprises under our flag, it must be secured by placing it on the same basis as if invested in any other country, having in view particularly the recent contract made with the Cunard Company, which covers a period of years. I do not see why any of the present mail contracts with the existing lines need be disturbed.

## OTHER REMEDIES.

*Discriminating duties.*—I have given this question a great deal of thought, but do not believe that it will be possible to make a distribution of duties that would make a fair, working basis upon which to operate a steamship company, to say nothing of the complication which might arise in the difference in values of cargoes carried. One cargo might be silk and the other cement. Just imagine what the difference would be! In addition to this, it opens up a question which might possibly disturb so many existing contracts and relations with foreign governments.

*Export bounties.*—This I do not believe practicable, on account of the difficulties in regard to the character of the merchandise on which export bounties could be allowed.

*Mileage compensation.*—Here again the question of distances run, tonnage, character of tonnage, and speed would necessarily make a more or less complicated arrangement, which I do not think would be practical. Making good the difference in the first cost of the construction of the ship would open up to our American people an entirely new enterprise, and its development would furnish work to mechanics and laborers, and to our shipyards, and I believe that each year there would be a large increase in the amount of tonnage added to our mercantile marine under the same amount of compensation per annum, as it would enable the shipbuilder to very materially reduce the cost of construction; particularly from the fact that they would have a very much greater amount of work, and consequently be able to maintain regular and profitable employment of mechanics. Not only this, but I venture the prediction that within ten years after the passage of such a bill, our American shipyards will produce a vessel as cheaply as those

of any other country in the world by their energy, enterprise, and experience that would be added by this largely increased production of merchant ships.

#### A BRITISH OPINION.

I wish to say right here that the Right Honorable William J. Pirrie, of Belfast, the largest shipbuilder in the world, said to me, "Mr. Baker, if I were only 10 years younger I would start a yard in the United States. With your unbounded facilities, your enormous resources, and the introduction of capital and the giving of regular work to men I think I could build ships in America in competition with any country in the world. Why do you not give it a start?" That was from an English shipbuilder, the largest shipbuilder in the world.

Another benefit which I have seldom seen discussed is that "trade will follow the flag." It will so enormously increase our exports, particularly when our manufacturers come into competition with those of foreign countries under our own flag, that it will many times repay the Government for any outlay that may have been made.

Large sums of money have been used in the past, and as now demonstrated, with good judgment and good results, in the developing of the transcontinental railways of our country. Would this country have been in the same position it is to-day had not assistance been given to these companies by our Government?

With our unbounded resources I have such implicit faith and confidence in the future of our country and in the ability of our citizens to manage and operate in competition with any country in the world, not only railways and manufacturing interests but also steamship companies, if they are given the same advantages as are given to companies owned by other nations.

#### A FAST MAIL SERVICE.

I have been informed that the United States is the only Government in the world that to-day is doing a large and profitable foreign-mail business. In other words, that a large amount of money is being received by the Post-Office Department annually over and above the amount paid for contracts for foreign-mail service. Could not this be used in part for encouraging a fast mail transport service?

Suppose the Government were to use for this purpose \$15,000,000 per year for ten years; at the end of that time we would have a merchant marine and fast mail service second to that of no country in the world. I believe it would increase our export business of manufactured products to many times its present volume, would largely increase the number of the manufacturers and producers of the United States to-day, and would bring to the United States increased wealth of many millions through the profits to the steamship companies alone, and benefit every producer of the United States, be he farmer or manufacturer.

In discussing fiscal charges Mr. Joseph Chamberlain frequently referred to the enormous return to the British public from its merchant marine. Without having the actual figures before me my recollection is that he placed the amount at over \$200,000,000 per annum; an amount largely made up from carrying American food and manufactured products.

## THE PROBABLE COST.

As to cost, my idea is that Congress should set aside the sum of \$10,000,000 per annum for ten years for the building up of the merchant marine. For this sum I believe that in the ten years not less than 2,500,000 tons of American steamship tonnage can be added to our mercantile marine. This could be done gradually, without any disturbance. Foreign governments and foreign steamship companies would recognize that the United States was entitled, from our position as a maritime power, to a proportion of the ocean-carrying trade of the world, and would gradually meet this condition.

We should appropriate \$5,000,000 per year for twenty years for the mail contract. I am informed that at least \$2,000,000 of this \$5,000,000 is already earned. What a trifling sum this would be! Thirteen millions per year for ten years, when taking into consideration the amount of work, employment, and distribution of profits that could be made, to say nothing of the increased exports and impetus to manufactures. Why England expends \$13,000,000 for two steamers alone! Compare this with the amount spent for river and harbor improvement, pensions, or any of the larger expenditures of our Government, and it amounts to practically nothing.

It would give employment and profitable work to hundreds of thousands of our people who are now suffering, and are leaving us to return to foreign shipbuilding yards on account of the fact that they can not obtain work in this country.

## BUILDING UP GENERAL COMMERCE.

The CHAIRMAN. I understand you advocate increasing the mail subvention to the amount of \$5,000,000.

Mr. BAKER. To foreign ports.

The CHAIRMAN. To foreign ports. I do not quite understand how you are going to apply the other ten millions.

Mr. BAKER. To build up general commerce, open to bids by all persons who will go into the steamship business.

The CHAIRMAN. Is it to be a direct bounty or gift to the ship constructors?

Mr. BAKER. You could give it to the ship constructors or to the merchants going into the business. You would use it for building up the merchant service of the United States.

Representative MINOR. It is intended to cover the difference in the cost of construction.

Mr. BAKER. The actual difference in cost. It relieves the Government from the necessity of going into the question as to what is the actual difference—what is the difference in crews' wages, etc. The bidder himself assumes all that responsibility, and he is the man who ought to know it best, or else he ought to stay out of the business. If he goes into the business without sufficient knowledge to make a bid under which he will make some money, he will lose, but the ships will still remain and the United States will have a merchant marine.

Senator MALLORY. Do you think that would be enough to cover the difference in the cost of operating the ships, which most of the witnesses who have testified on that subject indicate is more than one-third as between a foreign ship and an American ship?

Mr. BAKER. I think 40 per cent would cover it.

Senator MALLORY. Possibly it would.

Mr. BAKER. I have set no amount.

Senator MALLORY. You propose to give \$10,000,000 a year—

Mr. BAKER. For the purpose of building up the American merchant shipping.

Senator MALLORY. To somebody who will undertake not only to build the ships, but to operate them?

#### NOT TO A SINGLE COMPANY.

Mr. BAKER. I would give it to any number of people. I would give it to the man who wants to build a single steamer—whichever way appears to be the most profitable to the Government. I think that would be good policy. I doubt very much whether it would be a question of its all going to one company. I think it would be distributed, and each year I think the merchant marine would largely increase. If you attempted to build it up at once it would be impossible, because of the disturbance which would result.

Suppose discriminating duties are adopted as the policy of the Government. We have not one single ship to-day owned and controlled by Americans plying on regular lines to European or continental ports.

The CHAIRMAN. I am somewhat troubled in this respect. Under your proposition the Government will appropriate a stated amount of money, and bids will be advertised for, and if you, for instance, succeed in getting the contract under those bids for building certain ships—

Mr. BAKER. May I interrupt the chairman for a moment?

The CHAIRMAN. Certainly.

Mr. BAKER. It is not for building certain ships. You set aside this amount and throw the responsibility on me. And the authority in the Treasury Department we will say, for the sake of the argument, will judge whether the ships I offer to build for a certain percentage of that bounty present what is best to be done in comparison will all the bids submitted.

#### A MATTER OF COMPETITION.

Of course I have not taken the time to work out such a bill as I think would be desirable. I think I could do it. Ten million dollars a year is given to the Treasury Department for this purpose. I as an individual would come in and say, "I will add 100,000 tons to the merchant marine, of such and such dimensions—ten ships of 10,000 tons each—of such and such speed." They are to be kept under the American flag, just as England and other countries have done, which countries will not allow the sale or transfer of such vessels to any other flag. I would say "in consideration of a contract giving me \$1,000,000 of that \$10,000,000, I will add to the American merchant marine 100,000 tons, as I say, ships of so many knots, with an American crew, and carrying so many American apprentices, and I will add that tonnage within a given time."

Another man will come in and bid for one ship. It may not be of exactly the same dimensions. Mr. D. will come in with an offer to build two or three ships. You take up the bids and consider them. The Department having this matter in charge will accept those bids which it considers most desirable. In that way the Government would be relieved of all these questions of the settlement of duties, of an

export bounty, of a mileage basis to be calculated, of any question as to whether a ship makes 15 knots on her trial trip and never more than 10 knots afterwards. All those questions would be entirely eliminated, and the responsibility would be thrown on the bidder.

Senator MALLORY. What we want is to get ships engaged in the trade and not merely to build ships. In my judgment, so far as I have been able to determine from the testimony, the great difficulty with us now is in the operating expenses of an American ship as compared with a foreign ship. You may start out with an American ship that costs nothing, and you can not compete with a foreign ship that has cost the usual price.

Mr. BAKER. I think you will have submitted to you to-day, possibly by one of my associates here, more clearly than I have done, figures as to the actual difference between two ships of the same type with respect to portage or victualing, as we call it, of the crews and crews' wages, and it does not amount to anything like the figures I think you have had presented to you. That accords with my actual experience.

Senator MALLORY. I am very glad to hear you say that, as I recognize you as an authority on the subject.

#### NO COOLIES IN THE NORTH ATLANTIC.

Mr. BAKER. We can not in the North Atlantic go over and get a crew of coolies and give them nothing but rice and pay them 5 shillings a month, \$2 a month. That condition exists in the Pacific. In the North Atlantic we can not do it. It is not fair, and I would not for a moment agree to put the American merchant marine on the basis of Scandinavian or Norwegian or Italian or cooly labor. We can do better than that.

There are good people in Italy and in those countries, but I think our business ability, our business enterprise and energy, would enable us to pay our men better wages, through good business management, and give them better food than is given by the ships of those countries. To-day if one of our old ships wears out and we can not do anything with her and are ready to throw her away, we sell her to Italy or Norway. Those ships do not carry any insurance. The owners do not take into consideration the protection of men's lives and what the men eat or anything of that kind. Really, some of those ships are terrible. We are not talking of competing with such vessels; do not. As Americans we can not allow that. Let us put it on a fair basis and put the responsibility on the shipowner.

There are many times when it is more profitable to lay up a ship than it is to run her. If we adopt such a policy as I have outlined, men are not going to put their money into ships and allow them to lie idle simply for the purpose of getting that aid.

The CHAIRMAN. Your additional remarks have elucidated the proposition, and I fully understand it. It is a novel proposition, and has not heretofore come to the Commission in the shape in which you have put it.

Mr. BAKER. If it is worthy of consideration, I will be very glad to put myself at your disposal. I have nothing to do. I am only desirous and anxious to see the American merchant marine rehabilitated. It has been a hobby with me from my boyhood to build up the American merchant marine.

## THE ATLANTIC TRANSPORT LINE'S SUCCESS.

Senator MALLORY. I understand you to say that the Atlantic Transport Line, with which you were connected, was marvelously profitable and successful up to the time of its transfer?

Mr. BAKER. Very profitable. We paid on the average a dividend of 10 per cent per annum for twenty years, and at the end of that time our accumulated surplus and capital represented on a conservative valuation about 250 per cent on the original investment.

Senator MALLORY. How many vessels were there in the line?

Mr. BAKER. We averaged twenty-four.

Senator MALLORY. At the time of the transfer how many were there?

Mr. BAKER. There were seventeen large ships, I think.

Senator MALLORY. Of over 2,000 tons, I suppose?

Mr. BAKER. Oh, yes; all were over 5,000 tons. There were five of 13,000 tons. I should not like to speak from memory in that respect.

Senator MALLORY. In what trade were they engaged?

Mr. BAKER. Mainly between New York, Philadelphia, Baltimore, and London.

Senator MALLORY. Can you state in what trade the vessels which belonged to your line are now engaged? Or are they all engaged in the same trade as before?

Mr. BAKER. For two years I have had nothing to do with the company, but I think I can. The majority of them are engaged at present from New York to London. Some of them I think have gone out to the Black Sea. I hardly know where some of the others are.

Senator MALLORY. They are not employed now?

Mr. BAKER. A great many of them are laid up.

Senator MALLORY. They are laid up because the owners can not find profitable employment for them?

Mr. BAKER. Some of them are down to the Gulf ports on account of the largely increased export movement there. They are distributed around, although the regular line is being maintained between New York and London. But the Baltimore and London, as well as the Philadelphia and London line, has been almost abandoned.

## STATEMENT OF BLANCHARD RANDALL.

The CHAIRMAN. Does Mr. Blanchard Randall wish to be heard?

Mr. RANDALL. I am here more as a listener. I am not the owner or manager of ships. I know nothing about them. I am merely a merchant who uses ships.

The CHAIRMAN. You are familiar with the scope of the inquiry of the Commission?

Mr. RANDALL. Yes, sir.

The CHAIRMAN. The Commission will be pleased to receive any suggestions you may wish to make.

Mr. RANDALL. I should prefer to be a listener. I am very much interested in the subject, but I do not know that I have any suggestions to make.

I am an export merchant in Baltimore and use tonnage that comes here, and I am very anxious to see American shipping rehabilitated. I have never put a bushel of grain or a barrel of flour in an Ameri-

can ship to be shipped to Europe. It would be a novelty. I say not a bushel; there may have been a few thousand bushels. Baltimore has a trade of 50,000,000 bushels of grain and flour per annum, and I do not suppose 10,000 bushels go in American bottoms, coastwise or otherwise.

The CHAIRMAN. That is a very important item of information.

Mr. RANDALL. That is the average for the last twenty years—50,000,000 bushels of flour and grain from this port.

Representative McDERMOTT. What difference does it make to you whether you export in American bottoms this food for foreigners?

Mr. RANDALL. In profit?

Representative McDERMOTT. Yes.

Mr. RANDALL. I can not answer that, as we have never exported any in American bottoms, but I can imagine that in profit there would not be any difference.

Representative McDERMOTT. It does not make any difference to you as an exporter?

Mr. RANDALL. No, sir.

Representative McDERMOTT. None whatever?

Mr. RANDALL. No, sir.

Representative McDERMOTT. You are not interested in shipbuilding?

Mr. RANDALL. No, sir.

Representative McDERMOTT. Do you know why American bottoms are not furnished for exportation purposes?

Mr. RANDALL. Americans are not anxious to be owners of such ships.

Representative McDERMOTT. Because they are not profitable?

Mr. RANDALL. Because they are not profitable.

Representative McDERMOTT. In order to make an American ship pay it would have to charge higher rates than are charged by the owners of foreign bottoms carrying your goods?

Mr. RANDALL. That would be the result.

Representative McDERMOTT. You would not, under those circumstances, patronize American ships?

Mr. RANDALL. No, sir; not at a higher rate.

### STATEMENT OF F. W. WOOD.

F. W. Wood appeared before the Commission.

The CHAIRMAN. Please state to the Commission in what business you are engaged at the present time.

Mr. Wood. I am president of the Maryland Steel Company; engaged in shipbuilding.

I come here, Mr. Chairman, recognizing that the difficulties and obstacles attending the building up of the American merchant marine have been fully set forth in the previous hearings of this Commission, and what I can say will be very largely repetition, and my remarks will be wholly from the shipbuilders' standpoint.

If, as I believe, the American people have decided that it is a matter of national importance to develop and build up their merchant marine, I believe that legislation will accomplish that, and the kind of legislation which will accomplish it is as fully warranted as legislation for any other public purpose or public improvement. We do not hesitate to use legislative means to accomplish public improvements in other directions.

The question as to the character of legislation and how far it should go is of course a matter of individual opinion. We all recognize that the question of building up the merchant marine is primarily a commercial one. If conditions can be brought about whereby capital invested in ships can be made profitable, ships will be built even under the restrictions which now exist. Legislation can accomplish that.

The causes of the increased cost of operating American ships, which have been stated so many times within the past week, are obviously, first, cost of construction, meaning increased capital investment; second, increased cost of operation as compared with foreign ships, and third, possible advantages secured to the ships of foreign nations by their individual governments in the way of subsidies or special privileges.

#### A CONSTRUCTION BOUNTY.

In regard to the first—increased cost of construction—my measure of that as a shipbuilder is that under present conditions it costs us from 30 to 50 per cent more to build on this side than in Europe, the increased cost being the result of the higher cost of material and increased cost of labor. At present or immediately it is impossible, from my standpoint, to make a substantial change in those conditions. Therefore, if we are to hope to secure the investment of American capital in American ships we must equalize the earning power of that capital with that invested in foreign ships; in other words, by cutting down the cost to the American owner by a direct Government payment.

Now, to continue that indefinitely or the prospect of having to continue it indefinitely, would, it seems to me, make it impracticable. I do not believe it would be necessary to do so, for the reason that immediately profitable employment for capital in American ships is assured, I believe from our past experience that the yards of the country capable of handling ships required for the foreign trade will have a sufficient quantity of work thrown into them to permit them in a few years to bring shipbuilding down to a manufacturing basis, a condition which has never prevailed in iron and steel shipbuilding in the United States.

Cases are cited continually of our competition with foreign nations in other lines of manufacture. If those cases are analyzed, you will find in every instance, I believe, that the ability to bring down the cost to a point below that of foreign competitors and at the same time pay the wages prevailing in this country, in all lines of industry—and it is the higher wages prevailing in this country in all lines of industry—is because the element of repetition has entered into that manufacture, due to the great volume of business.

#### SHIPYARDS MUST SPECIALIZE.

If a manufacturer of agricultural machinery, who is now able to send his goods all over the world, in competition with other nations, undertook to build a sewing machine and a locomotive and a stationary engine in his shop, and the probability is he has the tools with which he could accomplish it, you all recognize what would be the result in the cost of the individual machine.



The shipyards have been in that condition in this country for the past twenty years. There has never been volume of work enough to approach the conditions which have prevailed in other lines of manufacture in which we are competing successfully with the rest of the world. How long would it be necessary to continue that Government aid? And I should say what I did not make clear at the beginning, I would propose that that construction bounty, or whatever you call it, should be paid to the purchaser of the ship. Let the shipbuilders compete for the work as they are doing now. How long it would be necessary to continue that Government aid of course it is impossible to tell, but I should expect to see such progress in ten years as would certainly very greatly reduce it, perhaps wipe out the necessity for it entirely.

In regard to other elements which render unprofitable the employment of American capital in ships engaged in the foreign trade, I prefer to leave to others who are more familiar with the operations.

#### FROM 75 TO 15 PER CENT.

Representative MINOR. You place the difference in the cost of construction between England and this country at from 30 to 50 per cent. Taking it through the years we experienced when everything went up from year to year, would you get the same result, or is it not a fact that material at this time is quite cheap in England while it is high here? You are liable to get a reversal of that condition. Then how would the cost compare?

Mr. WOOD. In extreme cases in which we have bid on ships in competition with foreign builders, our bid has been 75 per cent higher than the English bid. That I consider was extreme and unusual, and so extreme and unusual as not to cut much figure. I think on the average 30 to 50 per cent would fully cover the difference; and it has been in other extreme cases as low as 15 per cent. We bid on some ships for the Louisville and Nashville Railroad in 1901, I think, in competition with a North of England concern, and the difference in our bids was just 15 per cent.

#### MATERIAL AND LABOR.

Representative McDERMOTT. What is the percentage of cost of material and labor in the building of a ship?

Mr. WOOD. It depends quite largely on the type of ship. Taking a freight ship, with which I am more familiar than other types, at the present time the material would be about 55 per cent and labor about 45 per cent.

Representative McDERMOTT. The average difference in cost between a ship built on the Clyde and one here is about 45 per cent, according to your statement. It costs 45 per cent more to build a ship here than on the Clyde. I refer to a ship of the kind of which you speak.

Mr. WOOD. That would represent the average over a series of years.

Representative McDERMOTT. The difference would be equivalent to the entire cost of labor. So your proposition is tantamount to this—that the shipbuilder shall supply the materials and the Federal Government shall contribute the entire cost of the labor in the building, paying that amount to the ship purchaser?

Mr. WOOD. Not necessarily.

Representative McDERMOTT. You suggested that it be paid to the ship purchaser?

Mr. WOOD. Oh, yes; but I—

Representative McDERMOTT. Then, the partnership between the Government and the shipbuilder or the purchaser would be this: That the purchaser should pay the 55 per cent, which represents the cost of material, and the Government should pay as its proportion or contribution 45 per cent. As the Government under that proposition would pay for all the labor in the ship, how will future efficiency on the part of labor decrease the cost? The Government is to pay for all the labor, according to your proposition.

Mr. WOOD. My division would be different.

Representative McDERMOTT. Will you illustrate where I am wrong?

Mr. WOOD. The Government would pay for part of the material and part of the labor.

Representative McDERMOTT. But the Government's contribution, or its percentage, is that amount which you say represents the total amount of the labor in the ship.

Mr. WOOD. Yes.

Representative McDERMOTT. Now, it is entirely immaterial whether in your bookkeeping you divide that and say the Government pays 20 per cent on material and 25 per cent on labor. What you do is to pay for the material. What the Government does is to pay the amount expended for labor.

Mr. WOOD. Yes, sir.

Representative McDERMOTT. Now, no increased efficiency on the part of labor is going to wipe out that item of Government expenditure.

Mr. WOOD. I understand your proposition.

#### THE CASE OF THE MAINE.

Representative McDERMOTT. What is the last ship you constructed; what is its name?

Mr. WOOD. The *Maine*, a ship of 10,500 tons dead-weight capacity.

Representative McDERMOTT. Used in what commerce?

Mr. WOOD. Built for the North Atlantic.

Representative McDERMOTT. How many men were employed in building that ship; how many mechanics were employed?

Mr. WOOD. We employed in the yards—

Representative McDERMOTT. No; I mean on that ship.

Mr. WOOD. I will have to state it in this way: We employed in the yard at that time about 2,000 men. Of that number 800 were employed, probably constantly, on the ship.

Representative McDERMOTT. What was the cost of the ship, or its purchase price?

Mr. WOOD. I will have to call upon Mr. Baker.

Mr. BERNARD N. BAKER. I have forgotten. I think a little over a million, was it not?

Mr. WOOD. No, I think not. It was eight hundred and some odd thousand dollars.

Mr. BAKER. I was not there at the time, but it was between \$800,000 and \$1,000,000.

Representative McDERMOTT. How long were you constructing her?

Mr. WOOD. Two years and a half; but I should add that the time was protracted by a serious accident resulting from a burning of the ways. Under ordinary conditions it would require about two years.

Representative McDERMOTT. Were 800 men employed all the time on that ship? Does it take 800 men two years to build a ship of that kind?

Mr. WOOD. In that neighborhood.

Representative McDERMOTT. Is that the average?

Mr. WOOD. On the average. You understand at times the number of men is very greatly increased. The number of men is not limited to those working on the hull, but includes the men scattered through the machine shops and all parts of the shipyard.

Representative McDERMOTT. Will you furnish the Commission with a statement of the wages paid on account of that ship?

Mr. WOOD. Yes, sir; with pleasure.

Representative McDERMOTT. Taking 800 as the average number of men employed, what would it have cost to have obtained such a ship on the Clyde?

Mr. WOOD. I can not answer that definitely, but I think some gentleman here will be able to do so.

Representative McDERMOTT. Fifty per cent less?

Mr. WOOD. I do not think so. I should say nearer 40 per cent less.

Representative McDERMOTT. That would be \$320,000 less?

Mr. WOOD. No; I hardly think the difference would be so great as that. The difference would be 40 per cent less. It is sometimes confusing. Taking the American price as the standard, I should say about 30 per cent less.

Representative McDERMOTT. \$240,000?

Mr. WOOD. That is my estimate only. I have no means of making a definite comparison.

Representative McDERMOTT. I want to get, if I can, a specific proposition. Under your statement of the relative items of material and labor, the subsidy which you would ask from the Government would be a contribution of \$240,000 toward the pay roll for wages in the construction of that ship. That is what you would ask of the Government?

Mr. WOOD. Yes, sir.

Representative McDERMOTT. That would result in the employment of 800 men for two years. So, in order to employ 800 men for two years in a shipyard you would ask the people of the country to contribute \$240,000?

#### THE SHIPYARD A FOCUS.

Representative MINOR. What are you going to do with the fellows up in the woods and in the mines? It is not the labor here alone.

Mr. WOOD. You must remember that the work in a shipyard is a focus. It represents work going on in a great many different industries and in a great many different sections of the country.

Representative McDERMOTT. You are speaking as to the policy. I am speaking as to the figures. In order to employ 800 men in your shipyard in the construction of this single ship, the Federal Government

would, under your proposition, have to contribute \$240,000 toward their two years' wages?

Mr. WOOD. Equalizing the cost of that ship with what a similar ship could be built for on the other side.

Representative McDERMOTT. How many shipyards are there in this country?

Mr. WOOD. Do you mean capable of building large ships?

Representative McDERMOTT. For the trans-Atlantic traffic.

Mr. WOOD. About seven.

Representative McDERMOTT. Are they all busy?

Mr. WOOD. They are nearly all destitute of work, and I am certain that in none of them is there any work for the foreign trade.

Representative McDERMOTT. None whatever?

Mr. WOOD. No.

### STATEMENT OF JAMES C. GORMAN.

James C. Gorman appeared before the Commission.

The CHAIRMAN. Mr. Gorman, will you please state to the Commission in what business you are engaged?

Mr. GORMAN. In the steamship business.

The CHAIRMAN. The Commission will be glad to hear you, Mr. Gorman.

Representative MINOR. American steamships?

Mr. GORMAN. I can not say it is in the American steamship business, because we have British vessels as well as American. It is, however, in the steamship business between America and foreign countries. In other words, I am employed by the Atlantic Transport Company, of Baltimore.

The CHAIRMAN. Have you been manager of that company?

Mr. GORMAN. Yes; the Baltimore manager.

I have prepared a statement which I thought would be of interest to the Commission, showing the actual cost of a British-built vessel as well as the cost of an American-built vessel.

The American ship was built at Sparrow's Point, Baltimore, and was completed in the year 1903. The British ship was built at Belfast, Ireland, by the celebrated builders, Messrs. Harland & Wolff, and I think it is safe to say that it can not be inferred that cheapness was considered at all in the construction of the British vessel. In fact, Mr. B. N. Baker, in whose service I have been for a great many years, was never known, so far as I know, to buy or build a cheap ship.

### THIRTY-TWO PER CENT MORE.

The statement shows that the American vessel cost per net ton register \$190.90, and the British vessel cost \$144.70.

I should like you to please bear in mind that the British vessel was constructed in 1898. That means that the custom-house papers were issued for her in 1898, and naturally it is fair to presume that the construction of the ship was begun prior to that time. I should think in all fairness it would be correct to assume that the contract

was made in 1897. In the same manner you should consider the American ship. Although completed in 1903, I believe she was begun in 1901.

The cost which I have given you does not take into account the difference in the values of the material which entered into the construction of these two vessels in the periods named. Leaving that out for a moment, I find that my figures show that the American ship cost 32 per cent more than the British ship.

From the information which I have been able to gather, the cost of steel at the time the British vessel was constructed was about 15 shillings per ton less than at the time the American vessel was constructed. Hence the proportion is altered, and I figure therefore that in the comparison of the cost of those two steamers the British ship cost 29 per cent less than the American did, taking into consideration the relative values of steel at the different periods. But beyond that there is somewhat an element of uncertainty, as you gentlemen probably will readily understand that we mercantile people do not go around armed with statistics, nor do we keep them always on tap. We have to get this information as required, and I have given you the best information I have as to the cost of steel at the time.

The statement referred to is as follows:

*Cost, Michigan and Maine.*

Steamer.	Year when built.	Built by—	Net registered tonnage.	Cost.
Michigan.....	1898	Harland & Wolf, Belfast.....	6,118	\$885,289.50
Maine.....	1903	Maryland Steel Co., United States.....	5,077	985,983.15

Average cost of the steamship *Maine*, 5,077 net registered tonnage, \$969,205.12. Cost per net ton, \$190.90.

Steamship *Michigan*, average cost per net ton, \$144.70.

American ship cost \$46.20 per net ton more than British ship, or say 32 per cent more.

The relative cost of steel during the different periods of construction must be considered. The most reliable information at hand indicates that at time of construction of a British steamer, cost of steel was about \$3.60 per ton cheaper than when the American ship was built, thus reducing the percentage of cost of American ship over the British one to 29 per cent.

Mr. GORMAN. I have here another statement which may be interesting to you. It is a statement of the comparative cost of wages per month for those same vessels. It shows that on the American ship the cost of wages is 18 per cent more than on the English ship.

Representative McDERMOTT. The wages of operation or construction?

Mr. GORMAN. The wages of the crew.

The statement is as follows:

*Comparative statement of wages of an American and an English ship—Rate of wages per month.*

	English flag.			American flag.		
	£	s.	d.	£	s.	d.
Master .....	23	0	0	30	17	3
Bonus .....	5	0	0	2	1	1
First officer .....	11	10	0	16	9	2
Second officer .....	8	10	0	12	6	11
Third officer .....	7	0	0	10	5	9
Boatswain .....	5	10	0	5	10	0
Boatswain's mate .....	4	15	0	4	15	0
Carpenter .....	4	15	0	6	15	0
Carpenter's mate .....	4	15	0	4	15	0
Four quartermasters (each) .....	4	16	0	4	15	0
Eight sailors, A. B. (each) .....	4	10	0	4	10	0
Two ordinary sailors .....	2	10	0	2	10	0
Chief steward .....	7	10	0	7	10	0
Second steward .....	3	10	0	3	10	0
Assistant steward .....	2	0	0	2	0	0
Engineer .....	3	0	0	3	0	0
Cattlemen's steward .....	2	10	0	2	10	0
Chief cook .....	6	10	0	6	10	0
Assistant cook .....	3	10	0	3	10	0
Chief engineer .....	17	0	0	30	17	3
Bonus .....	3	0	0	0	0	0
First assistant engineer .....	14	0	0	18	10	4
Second assistant engineer .....	10	0	0	16	9	3
Third assistant engineer .....	9	0	0	14	8	1
Fourth assistant engineer .....	8	0	0	8	4	7
Fifth assistant engineer .....	0	0	0	8	4	7
First donkeyman .....	6	10	0	6	10	0
Donkeyman's mate .....	6	0	0	6	0	0
Engineer storekeeper .....	5	10	0	5	10	0
3 officers (each) .....	5	10	0	(5)5	10	0
12 firemen (each) .....	5	0	0	5	0	0
6 coal passers (each) .....	4	10	0	4	10	0
Total .....	347	15	0	411	9	3
Total men .....	58			61		

Wages under the American flag 18 per cent more than under the English flag.

#### CREWS SHIPPED ABROAD.

Mr. GORMAN. Now, this is not really a fair statement for the reason that instead of engaging our crews in America for the American ships which, I was going to say, we unfortunately own, we shipped them on the other side. We ship and discharge in England; and it is for the very purpose of economy which we would all practice in our individual business.

Senator MALLORY. Let me ask you a question here. Do I understand you to say that you shipped your crew in England for the round trip—coming to this country and going back to England—and discharged them in England?

Mr. GORMAN. Quite true.

Senator MALLORY. You did that?

Mr. GORMAN. Yes.

The CHAIRMAN. We were told yesterday that under the British laws that was not allowable; that the crew had to be discharged at the American port.

Mr. GORMAN. I am only stating facts to you.

Senator MALLORY. I do not question the fact.

Mr. GORMAN. I understand. I am merely trying to emphasize the statement.

Senator MALLORY. A directly conflicting statement was made by an old sea captain yesterday, and I could not help noticing that fact. I know you are right, so far as my knowledge goes.

Mr. GORMAN. I am speaking of the operation of four steamers—the *Maine*, the *Missouri*, the *Massachusetts*, and the *Mississippi*—constructed for the Atlantic Transport Company, two of them by the New York Shipbuilding Company and the others at Sparrow's Point.

Representative McDERMOTT. What is your percentage of difference?

Mr. GORMAN. Eighteen per cent.

Representative McDERMOTT. You ship a crew in the same port that an Englishman does, you go amongst the same labor, you select sailors, and the difference in cost, you say, is 18 per cent. Is that in wages?

Mr. GORMAN. It is in wages. This statement covers wages and nothing more.

Representative McDERMOTT. How do you account for the fact that you can not ship a crew as to wages as cheaply as can the captain of a ship flying the English flag?

#### OFFICERS MUST BE CITIZENS.

Mr. GORMAN. In the first place, you must bear in mind that under the American law the officers of the vessel must be citizens of the United States, either native born or naturalized; and you must bear in mind also that the decadence of the American merchant marine furnishes the operators of vessels with a scant source of supply from which to draw our men.

Representative McDERMOTT. But you draw from Liverpool, from the same supply that the British do?

Mr. GORMAN. That applies only to firemen and seamen. The American law requires that the officers shall be American citizens.

Representative McDERMOTT. As to the firemen and seamen, are the wages the same?

Mr. GORMAN. The wages would be the same.

Representative McDERMOTT. The wages are the same?

Mr. GORMAN. The wages would be the same. I am speaking now of the time when we ship abroad.

Representative McDERMOTT. When you ship abroad? It has been stated several times, not before this Commission, or if so, while I was absent, but several times before the House committee, that if you desire to ship sailors abroad for service under the American flag you can not do it at the same wages at which they can be obtained under the British flag. The proposition is in defiance of all ideas of the law of supply and demand.

Mr. GORMAN. This statement which I have here calls for a certain number of firemen on an American steamer. We pay £5 for them, and for the same number on the English steamer we pay the same amount.

Representative McDERMOTT. And the same as to sailors?

Mr. GORMAN. Yes, sir.

I should like to remark, in connection with this matter, that I have not brought this statement here with the view that you would attempt to take up the question of wages, for the reason that it is one which

will regulate itself. We might find the same discrepancy in wages between an English ship and a German, or we might go a little further and find somewhat of a discrepancy between a German and a Norwegian ship, and the reason for it can be found, I think, in the suggestion I made to you just now, of the fewer number of people in certain countries who are engaged in certain industries and the fewer number you necessarily have to draw from for your supply, thereby increasing the rate.

Representative McDERMOTT. As a matter of fact there is considerable difference in fitting out a ship as between Baltimore and New York?

Mr. GORMAN. As to supplies?

Representative McDERMOTT. No; as to the wages of sailors.

Mr. GORMAN. Oh, yes. Those things are not fixed. They are movable.

The CHAIRMAN. But the fact remains, Mr. Gorman, that unless our navigation laws are changed we must always pay more in wages to the officers of American ships, for the reason that they have to be American citizens and their wages are higher than those of foreigners.

Mr. GORMAN. If you will pardon me, I am a firm believer in the ability of the Americans to compete with any nationality on the face of the earth.

The CHAIRMAN. Yes; but——

#### SUPPLY AND DEMAND AS TO SEAMEN.

Mr. GORMAN. One moment, if you will pardon me. I believe that when the merchant marine is built up the question of the difference in wages will be a mere bagatelle. It will right itself, and it will do so by an increase in the number of ships and the number of people open for employment. In other words, the law of supply and demand will regulate it.

Senator MALLORY. What do you mean by "built up?"

Mr. GORMAN. I do not understand you.

Senator MALLORY. You said when the merchant marine is "built up." When would you say it was built up?

Mr. GORMAN. Suppose you let me substitute for the words "built up" the word "increased?"

Senator MALLORY. To what extent?

Mr. GORMAN. To an extent that will supply a sufficiency of officers and seamen for the requirements of commerce. I think you will recognize that if you were to start out to-day to find American sailors for our American ships there would be very few of them to-day in any port. We can not find them. The sailors are made up of all nationalities.

Senator MALLORY. We would not be able to give masters and mates to the ships necessary to transport our products to-day. That we would not be able to give them masters I have no question at all. But what do you think would be a sufficient increase in our merchant marine to enable us to do away with assistance from the United States Government and to let the vessels run on their own bottoms, so far as the question of wages is concerned; 50 per cent or 100 per cent increase?

Mr. GORMAN. I think I stated that I believed the question of wages is one that would regulate itself.

Senator MALLORY. By increasing the number of ships?



Mr. GORMAN. Yes. Just as soon as Americans can find it profitable to invest their money in ships I believe the way will open for an equalization of the matter of wages.

The CHAIRMAN. Do you think the wages of American officers should be lowered, or that the wages of officers on foreign ships should be increased? How are you going to equalize it? The testimony in New York and Philadelphia, and it stood uncontradicted, was that a captain of an American vessel, for instance (and our laws require that he be an American citizen), would get a hundred and fifty dollars a month and an Englishman or a German would get, say, a hundred dollars a month. Under existing conditions does not that difference exist, and must it not necessarily exist for the time being, and hence there is an increased cost of navigating an American boat?

Mr. GORMAN. Undoubtedly.

Representative McDERMOTT. I understood you to say that there are not enough American citizens to-day engaged in the merchant marine to allow the application of the law of supply and demand, but that if the number grows by reason of the demand created by subsidy or otherwise, we will have a sufficient number to apply the law of supply and demand to, and, therefore, you will come to a natural regulation of wages.

Mr. GORMAN. That is my opinion.

#### STATEMENT OF C. MORTON STEWART, JR.

C. Morton Stewart, jr., appeared before the Commission.

The CHAIRMAN. Are you engaged in the business of shipping?

Mr. STEWART. Yes, sir.

The CHAIRMAN. Make your statement to the Commission in your own way, Mr. Stewart.

Mr. STEWART. Senators and Representatives, I have not come prepared to make any address or statement on this question. I was advised only a couple of days ago that we were to have this honor, and to my mind the question is so complex and reaches so far back that it would have been impossible for me to have prepared myself in a way which I think fitting to express to you any thought I may have.

Since I have been sitting here I have been trying to put my thoughts into words, but I found that those words changed so often by the complex character of this matter that it is difficult for me to formulate my views clearly.

The fall of the merchant marine of this country can not be attributed, in my opinion, to any one cause. It was gradual at first and precipitate toward the last, showing that it was so weak it could not stand up. How to encourage it, how to start it, how to keep it running, I understand, are the practical questions that confront this whole nation.

The CHAIRMAN. I understand you are connected with a firm or belong to a family which was engaged in sailing the clipper ships of the former period?

Mr. STEWART. Yes, sir. I did not intend to go into those personal reminiscences. Our firm have been sailing vessels from 1840 until now—nearly three-quarters of a century. The conditions that rule my ownership of boats or my running of them are so purely personal and this is such a broad question that I thought it ought to be treated from the latter standpoint.

As a matter of fact, to state my personal experience, we built a great many vessels in the period from 1880 to 1890; that is, a great many for us. We built seven boats. Everything then was high and conditions were hard, but we had a special trade to run them in, and could operate them despite conditions.

So far as concerns a few minor points in our laws, I could suggest one or two, the elimination of which would be beneficial to me as a shipowner. These, however, are of secondary importance. But why it is that I do not own more vessels, why it is I am not going to continue to build them and run them, to my mind is very simple. I have to compete in my business of running ships with the world at large. To compete with the "other fellow" I must be able to buy or build my boats as cheaply as he can.

#### IN FAVOR OF "FREE SHIPS."

Hence the matter of primary importance is free ships, absolutely and unequivocally. I lost a boat two or three years ago. She had cost me \$58,000. There was, I suppose, about \$20,000 of American patriotism in her and the balance labor and boat. We built her, because we could afford to build her, at a price for which we could have got a very much bigger ship in England. But my father wished an American boat. He had a pride in the flag, and the business was such and the rates of freight such as to justify her being built here. He would build it in this country, whether or no. When that boat was lost she was insured only for a fair valuation, which in nowise permitted her rebuilding; therefore she was eliminated. That made one less. I would have built a vessel in her place if I could have built it to compete with the Italian barks and the French barks that go to Rio and carry Brazilian commerce. I could not; and I did not care to build a boat under the English flag. I am an American citizen, and I want the Stars and Stripes over my boat, or none at all; so I had to resort to chartering a boat. When I needed one, I went and paid for her and got her.

To encourage me, a young merchant, to own and run vessels, this country would have to permit me to buy them where I can buy them cheapest. I do not want the Government to pay me any money, because I think that at once becomes complex.

In reference to certain statements presented here, we heard one member of the Commission say that a certain statement was in defiance of the law of supply and demand. There are always pros and cons to every question. We find one gentleman saying that \$10,000,000 or \$15,000,000 per year for a period of ten years, he thinks, will build up our merchant marine. How is it possible to arrive at it? And if he is correct, how is it possible to convince the country that he is correct? If at the end of the civil war it had been stated that the sum of money paid for pensions would be greater forty years after the close of the war than immediately succeeding it, the speaker would have been denounced for making an absurd statement. It would have been said that the old soldiers were bound to die off. But we find that it has increased as we have gone along.

If this money is to be paid to the purchaser of the boat, or if the bidders are to compete, I may find great difficulty as a purchaser in getting a hearing from the gentlemen who are going to pay it. My personality may not be sufficiently attractive. My reputation as a

business man may not be sufficiently good, and the proposition I offered might not measure up to that of some other bidder; and as the amount is limited, I might be sidetracked, and therefore a great deal of young enthusiasm would be, for the time being at least, kept down and would not be permitted to materialize.

I recognize perfectly well that the conditions are difficult for gentlemen who own boats now and for the shipbuilders too, but on the other hand we have had reiterated statements that this country can produce as cheaply as any other. For instance, one gentleman stated this morning that a celebrated English shipbuilder had said to him that the height of his ambition, if he had ten years longer to live, was to come to this country and build ships.

It is impossible to convince me that we can not, under normal conditions, build as cheaply as anybody else. Of course we will not be able to do it at the outset, because this trade is in an abnormal condition.

#### A COMPLEX PROBLEM.

I think you would make it more complex by legislative action. I think a great deal of trouble has come from legislative action. I think the tariff has a great deal to do with it. The problem is so complex that if we try to deal with it by subsidies or by assistance of that character we would get into a maze of obstacles and difficulties, with respect to which no twelve men could ever agree. It would be impossible. So the broad fact is that if we want to get boats, we should be able to get them where we can get them cheapest. If I have to compete with a man, I must compete with him, and all I ask is even terms.

To-day, if I could buy a boat in England and sail her under the American flag, I would own one; and I will agree to own one and to sail her in sixty days from this time.

The Brazilian trade offers splendid opportunities for the distribution of freight all through the West. If I got one boat, I would have two or three in a short time. As a matter of fact, I am going to charter a steamer, the cheapest I can get, on the best terms, on a strictly competitive business basis. Nobody is going to pay me to do it. I will not get a cent more for carrying freight. I am going to get the best boat and the cheapest boat I can. I am going to charter her on the basis on which I should like to build her.

The CHAIRMAN. Quite a number of shipowners in New York testified that if they got the foreign ship free they could not sail her because of the increased cost of operation.

Senator MALLORY. Under existing law.

The CHAIRMAN. Under existing law.

Mr. STEWART. I was coming to that point. When you come to the cost of maintenance of a boat the question becomes even more complex. There are the different seasons of the year; the different scales of values; whether I buy now or buy three or four weeks later. The basis of comparison is hardly fair. Put it on this broad basis: If we want to build up a merchant marine, if that is wise, what better course can we pursue than to copy after those who have the best merchant marine? Now, an Englishman can man his boat with anybody he pleases. Why can not I? I would man it, if I could, with Baltimoreans; but I should like to be able to man it with such people as can run that boat for the least money, and I do not think any subsidy will assist me in accomplishing that. It will produce abnormal

conditions. It makes of a legitimate boat an exotic. We can grow orchids in New York if we keep them under glass and at a proper temperature by steam, and surpass those grown in Brazil; but when we remove the glass and steam what becomes of the orchids? I think we ought to get down as much as possible to the natural conditions governing this matter.

Provide that Americans may buy their boats where they please, and then perhaps we ought to have some inducement to make us go and buy them. But if you say to these gentlemen, "You may buy your boats where you please, in the cheapest possible market," that, especially to an American business man, is of primary importance.

#### IN FAVOR OF PREFERENTIAL DUTIES.

Not having thought of this matter particularly, I am not able to offer a solution; but I state the real principles which should govern a practical solution of it. You should go to the American and say—not "subsidy"—but "In order that you may get a preference in the hauling business, if you will fly the American flag, we will rebate something of this very great tariff on the goods imported." If a man can go into the business with Brazil and can get machinery out and can not get coffee back, but can get some other commodity, and you say to him, "We will rebate a part of the tariff," he will go into the business, and soon more boats will start, if they are given a slight preference. In that way the Government can pay it out. How? By simply rebating a little of the tariff that it receives. It does not give it to anybody else. It simply rebates a part of that tariff, and if anybody gets it, I presume the consumer would get it.

I have not thought this out. It has simply suggested itself to me in reading an article on that line yesterday. That would be a legitimate commercial inducement which may be offered to the importing merchants of this entire country to bring cargoes in American vessels. They would say, "I will pick out that boat for the shipment of my goods, because there will be a slight reduction in the tariff." The plan may have a great many weaknesses, but there should be some inducement to start those boats, if we can own them.

Those are the only points, gentlemen, which have presented themselves to me. I am ready to run steamers; I am ready to own them; but I will only own them if I can buy them as cheaply as any of my competitors. I have to compete with everybody—tramp steamers and everything else.

#### COMMERCE DESTROYERS A DISTINCT CLASS.

Take the subsidy. You can not build up a merchant marine which is to carry commerce with a view, on twenty-four hours' notice, of converting the vessel into a war vessel or a commerce destroyer. They are two distinct things. If we are going to have a subsidy for that sort of purpose, then we shall have a lot of boats of a distinct type which will not be of real commercial value. They would not build up our commerce. A commerce destroyer must have a speed of 20 knots, and if the pursued has a speed of 21 knots the destroyer should have a speed of 25 knots. We want a boat that will run 9 or 10 knots—the maximum speed for the minimum amount of fuel. That class of vessels would not be advantageous to our Government, and they would not be available as commerce destroyers. We might

have a specific subsidy for a specific class of boats, whose use was contemplated by the Government, and that might stimulate the creation of a certain sort of vessel which the Government might need in times of abnormal conditions. But I am speaking of the broad commercial question as applied to merchants in time of peace and commerce—how to get the boat the cheapest and how we can run it, everybody on the same condition.

Representative HUMPHREY. If I understand you, you believe in free trade so far as ships are concerned?

Mr. STEWART. I believe in buying boats in the cheapest market.

Representative HUMPHREY. What advantage would it be to this country, in your opinion, if you were to buy ships abroad and then operate them by foreign labor? What advantage would Americans derive from the transaction?

Mr. STEWART. By having that which this commission is trying to create—a merchant marine. If you want to start a factory in Baltimore or some other enterprising town, it is not the initial cost that redounds to the benefit of the community. Go to any town and you will see "Factory sites free." You can have it; help yourself. That, as I understand it, is to get the factories there. But it is the maintenance and the growth of that factory in that community which count.

Representative HUMPHREY. But, as I understand you, you advocate absolutely the reverse of that proposition. You want, instead of having a shipyard in this country, permission to buy your ships abroad.

Mr. STEWART. Certainly. These towns say, "We will give you a site for your factory free." I want you to permit me as an American citizen, living in Baltimore, to get a boat without any conditions, and to let me operate her from Baltimore.

Representative HUMPHREY. What advantage would that be to American labor and to the American public generally? It would benefit you, but where would it benefit anybody except the men who own the ships?

Mr. STEWART. It would swell the number of American vessels. It would increase the commerce of this country. If I, in Baltimore, own a boat, the maintenance of that boat will be partially here in Baltimore. As soon as I am able to show a set of sailors here that unless they will meet certain competitive conditions they will not be able to get on that boat, they will soon, I think, adapt themselves to it, and if they would not, then, gentlemen, I do not think it is the province of the Government to run me. That is what I mean. Those conditions can not be overcome in five or ten or fifteen years. And what I suggest is perhaps not the quickest way.

#### CAN OWN FOREIGN SHIPS NOW.

Senator MARTIN. Is not this purely sentimental with you? Could you not do all this now under the English flag? You can buy a boat in England and put an English crew on her and have all the advantages that you think and I think desirable, if you simply operate her under a foreign flag instead of the flag of your country.

Mr. STEWART. That is true to a great extent, and that is the reason why American citizens—

Senator MARTIN. Practically it can be done now. It is purely sentimental with you.

Mr. STEWART. No, it can not be done. Sentiment is a very definite factor in commerce, and it should be recognized. As a matter of fact,

whatever you may call it, sentiment or anything else, I am not going to buy a boat in England and sail her under the English flag. A close investigation of this question would probably reveal some conditions which it is not my privilege to know at the moment, which do not permit that.

Senator MARTIN. There are some little hindrances, perhaps, but the Atlantic Transport Company run their vessels under the English flag and have these advantages of which you speak—buying their ships in the cheapest market.

Mr. STEWART. Their business instinct no doubt told them it was necessary for success.

Senator MARTIN. That can be done by any citizen, so far as material and practical business is concerned. If he does not choose to do it, it is because of some sentimental reason.

Mr. STEWART. No, sir. There are difficulties attached to it. If I want to buy a steamer under such conditions, there are certain difficulties in it that are more than merely sentimental.

Senator MARTIN. There are some small hindrances, but, so far as I have been able to ascertain, they are not large enough to stand in the way of a business profit. The question in my mind is whether or not, if we make the conditions for an American ship as free as they are for an English ship, the American people would own ships without some further inducement, for they can already do the same business on all material propositions now. The only difference is a sentimental one, involved in the question whether a man shall do business under the flag of his own country or the flag of some other country.

Mr. STEWART. It is just as Mr. Baker stated—commerce will follow the flag.

Senator MARTIN. But how will we get the flag on the oceans unless we offer some greater inducement than the freedom of the world's markets?

#### A DIFFERENTIAL BENEFIT.

Mr. STEWART. If you offer an opportunity to American merchants to buy their ships as cheaply as anybody else, and if they feel that they can operate those boats nearly as cheaply as anybody else, and if they feel that by some legitimate legislation—and there is the only place where I think it would be of practical specific advantage—cargoes brought in those bottoms will receive some slight differential benefit, they will engage in the industry.

Senator MARTIN. That is the point I was getting at. Of course, the American merchant can buy his ship as cheaply as an Englishman can, and can operate it as cheaply if he chooses to go under the English flag. There is only a sentimental difficulty. It is just the question as to what flag he will put up. Now, if a Baltimore merchant is not willing to go into the shipping business under those conditions, will you not have to give him some tariff rebate or some other inducement to induce him to enter the field?

Mr. STEWART. You may have to do it. I think it comes in the cost of maintenance. We know it costs more to live here than in other countries, and it is simply owing to the greater cost of every commodity here.

Representative McDERMOTT. The boat which is built in England can not be used in the coastwise trade, while the boat you propose to give to the shipping industry could be used in the coastwise trade.

Mr. STEWART. Yes, sir. And that is one of the objections which exists to the purchase of foreign-built boats.

## NO FOREIGN SHIPS FOR COASTWISE TRADE.

Senator MARTIN. I do not think it would be possible to get serious consideration from any number of Americans of any political faith for a proposition to permit foreign-built vessels to enter the coastwise trade. Whether they be right or wrong is a question which it is needless for me to discuss now; but, looking at it from a purely practical standpoint, the coastwise trade is now a monopoly for American-built ships, and it is going to remain so as long as any of us present in this room lives. The great problem we are trying to deal with is the ocean-carrying trade—the foreign trade.

Representative MCDERMOTT. I was indicating an advantage which it seemed to me by your questions you were seeking to find in this gentleman's proposition.

Senator MARTIN. That the vessels could be used in the coastwise trade under his proposition?

Representative MCDERMOTT. Yes.

Senator MARTIN. Yes; I see the point.

Representative MCDERMOTT. His proposition would permit those vessels to be used in the coastwise trade.

The CHAIRMAN. As a matter of necessity, that would wipe out our shipyards which are now building ships for the coastwise trade. It would mean the absolute destruction of every shipyard in this country.

Mr. STEWART. I would not want any remarks of mine to be construed as favoring the destruction of any American industry; and I firmly do not believe that it is possible that the United States of America, with its ores and its many physical advantages, its climatic conditions, can not produce and build a vessel as cheaply as anybody else. We have seen it time and time again, where the conditions forced it, that it was brought about. I believe really and truly that the decadence of our merchant marine has come from these special conditions—conditions arising from legislation of different kinds. I think it would only increase the evil if you attempt to correct it by additional legislation.

Senator MARTIN. You are running boats now?

Mr. STEWART. Yes, sir.

Senator MARTIN. To what ports?

Mr. STEWART. Between Baltimore and Brazil—between Baltimore and Rio de Janeiro and Santos.

Senator MARTIN. What is the character of those boats?

Mr. STEWART. They are sailing vessels—barkentines.

Senator MARTIN. Of course, you are getting no aid from the Government at all on those boats?

Mr. STEWART. No.

## A MAIL-PAY LINE.

Senator MARTIN. Suppose a proposition was made, open to you and to others, to put on between those ports and this some vessels fast enough to carry the mails advantageously, with a liberal compensation for that purpose. What effect would it have on the carrying trade between the given ports?

Mr. STEWART. The effect would be that I would get built a vessel in order to get the subsidy, just as we see a great many of those subsidized boats sailing around on the high seas in order to get the subsidies.

Senator MARTIN. Where are any such boats sailing now?

Mr. STEWART. The French boats are doing it to-day.

Senator MARTIN. Sailing around on the high seas to get the subsidies?

Mr. STEWART. Certainly. Some of them absolutely go in ballast at times. Then, again, it would not be profitable for me to build a boat, because the law would be phrased in such form, in all probability, as to give the subsidy to boats of a certain speed. Slow boats are an advantage at certain times.

Senator MARTIN. It was testified the other day, I think, that the Ward Line has nineteen boats, only five of which are subsidized, and the latter carry the mail. They are subsidized in the sense of receiving very generous mail pay.

Mr. STEWART. That is a good governmental purpose. I agree to that.

Senator MARTIN. That line operates fourteen other boats, which are slow freight boats, devoted entirely to freight carrying. The officers of that line say that but for the subsidies which they get on the five boats they would have gone out of the business. But, getting some compensation for the fast boats, they have used in connection with those fast boats a larger number of slow boats and have built up commerce.

Mr. STEWART. I do not believe that any merchant will run a boat that does not pay. He would see that the slow ones paid, or he would soon eliminate the ones that did not pay.

Senator MARTIN. Might not the slow ones pay in connection with the fast ones and still be unable to pay by themselves?

Mr. STEWART. No. There is the question of the power and the pull to secure freight contracts a man might possibly have. But, standing on their own bottoms, the fast and slow boats would not pay, in my opinion, simply because operated together.

Senator MALLORY. Let me ask you a question. You are engaged in the trade with Brazil?

Mr. STEWART. Yes, sir; I own and sail these vessels.

#### DIRECT SERVICE TO BRAZIL.

Senator MALLORY. Have you any business with Brazil?

Mr. STEWART. Yes, sir; we are commission merchants. We execute orders for flour by our boats to Brazil.

Senator MALLORY. Do you think it would be of any benefit and would tend to build up the trade of the United States with Brazil if we were to have a fast mail line—not necessarily a very fast mail line—once a week to Rio de Janeiro or Santos, touching at such ports as are on the line?

Mr. STEWART. I think it would be good to have a mail service, but I merely say, as a practical business question, that if I, as a young merchant, want to build boats for that trade, it is essential that I should have the privilege to buy them where I can get them cheapest.

Senator MALLORY. I understand, but my question has reference to this point: There is a very strong possibility that Congress at its next session or very soon thereafter will undertake to establish some other ocean mail routes. It occurred to me that that is a route which ought to be established, and I merely wanted to know your opinion as a man familiar with the business.

Mr. STEWART. I think it would be beneficial to the port of Baltimore. The commerce of Brazil at the present moment all goes to New



York, and it is so congested there that the condition is felt all through this country. Mr. McLaughlin, one of the biggest coffee roasters, told me that under certain conditions he would go into this question of importing coffee to Baltimore to build up the trade, and I believe that men like him would. But subsidies, I think, would produce an unnatural condition of affairs. I am an American. I would get everything I could right here in Baltimore and buy from Americans. I would give them absolutely the preference, because a few thousand dollars difference in initial cost would soon be wiped off. My interest in my country and my community would induce me to do that. But the idea of my being compelled to do it is abhorrent. Suppose the town having been largely burned down, you wanted it rebuilt, and it could only be rebuilt by Baltimore builders.

In the same way, if we want to build up the merchant marine, the only inducement necessary is to enable men to go out and buy their boats where they can buy them cheapest and run them under the American flag. I do think, when we come to consider the high-class boats, such as the Atlantic Transport Company and other companies have, which are of definite value to this nation as a government, that those boats are entitled to some such compensation as the Government may think commensurate with the condition of having those boats available. But the boat I would build would be of no earthly use to the United States. If the Government wants boats of a type and stamp that can be of definite national value to the Government, it certainly will cost their owners more money to run them. And for that service the owners should receive and are entitled to a specific compensation. But on the broad question of building up the merchant marine of this country, I do not think subsidies will do it.

Representative MCDERMOTT. Let me ask you one question. You have applied certain rules of political economy to the building and management of ships. Those are the ordinary rules by which all business is governed.

Mr. STEWART. Yes, sir.

#### WOULD ENGLAND RETALIATE?

Representative MCDERMOTT. All are found under the laws of supply and demand. If it costs \$6,000 to produce a ship on the Clyde, and \$10,000, because of the increased cost of materials and the higher wages paid, to produce a similar ship in Baltimore, and it is good, sound Government policy for the United States to contribute \$4,000 in order that the ship may be built here, would it not necessarily be equally sound policy for the English Government to contribute \$1,000 to the shipyards on the Clyde in order that a new advantage might be obtained by them?

Mr. STEWART. I should think they would both be equally unsound.

Representative MCDERMOTT. In other words, if there is in the element of contribution for purposes of equalization from the Treasury of the United States to shipbuilders any sound political proposition, it must be equally applicable on the other side of the water, and a similar contribution on that side would immediately destroy the equality that is created by the contribution on this.

Mr. STEWART. I could not sustain any such proposition, because we have a very high protective tariff in our country, and the same theory could be applied to it. The physical conditions and the local conditions are such that no such argument could be carried out.

Representative MCDERMOTT. The only argument of advantage on which any subsidy is grounded presents two factors: One, the employment of native seamen or American seamen; the other, the employment of American labor in shipyards. Now, we know that if it is sound policy in this country to subsidize for those purposes, it is necessarily sound policy on the other side. Therefore, if it is sound policy—I am not saying what a nation will do or what it will not do—to equalize the cost here with the cost abroad, it would likewise be sound policy for those on the other side to regain the trade by giving an advantage to the shipyards there, would it not?

Mr. STEWART. Two wrongs do not make a right. I would not be willing to admit as a political economic argument that that is true. I do not believe it is true.

Representative MCDERMOTT. Let me put it in another way. If it costs \$10,000 to produce a ship in the United States and \$6,000 to produce it on the Clyde, and if, in order to have it produced in the United States, it is necessary—this is hypothetical, you recollect—

Mr. STEWART. Yes.

Representative MCDERMOTT. And if to have it produced in the United States it is necessary to contribute the difference between the respective costs of production, then the equality thus established would be immediately destroyed by a contribution by the English Government, equal to 25 per cent of our contribution, to the ship-builder on the Clyde?

Mr. STEWART. It is the same sort of reasoning which, in political economy, not at all applying it to this discussion, is known as the argumentum ad absurdum. On that principle we would all keep on paying money—

Representative MCDERMOTT. I am not saying that England would do it.

Mr. STEWART. No. What you mean to say is that we would make ourselves vulnerable to such action.

Representative MCDERMOTT. The reductio ad absurdum does not exist in the proposition, for I am assuming in the premises that it is good policy on the part of this Government to pay an amount that would equalize the difference. If it is good policy on the part of this Government to contribute, of necessity it would be equally good policy on the part of the English Government to make a contribution to her builders in order that the former state of affairs should be reinstated.

Mr. STEWART. Exactly.

Representative MCDERMOTT. And if it is good government policy it would be followed there as well as here.

Mr. STEWART. I understand your position.

Representative MCDERMOTT. And I am assuming that it is good policy.

Mr. STEWART. I understand.

I believe in American citizens buying their boats free. In the maintenance of those boats I do not ask for any subsidy; I simply ask that I may be enabled to run them and operate them as the citizens or subjects of other countries do. We do not want class legislation for the shipping business. I do not ask the Government for class legislation for my benefit as a flour merchant.

#### BETTER REGULATION OF SAILORS.

One of my clerks in the office made some notes with respect to existing laws which the Congress has passed to try to benefit sailors. As

an instance, according to our laws, men may sign the articles; they may get on a sailing vessel; they look around and find it is a pleasant day, and they want to spend another day in Baltimore, and they can get off and leave that boat with the tug at her side, with a favorable wind for the boat to sail, and go ashore, and there is not the slightest penalty. In England those men would be put in prison at once. Why does not the Federal Government legislate to remedy that? We are not going to maltreat the sailors. The courts of justice will protect them.

Representative McDERMOTT. Look at the history of shipping in the last century, the movements in Parliament, the great ship reform movements. Do they not show that if left to themselves, without any regulation as to the seaworthiness of the ships and the food to be given the sailors, the treatment of the sailors is such that it is positively repulsive to read about it? The unprotected condition of the sailors demanded those laws. One of the greatest movements in English humanity was in order to protect them.

Mr. STEWART. Of the laws which exist, there is one which protects American sailors, after signing the articles, from any penalty if they refuse to go on board. That is a practical question.

Senator MARTIN. It would be very hard to reconcile any different state of the law with that freedom which you want in your own business. Why should men be subjected to a penalty for violating a civil contract? If you violate your contract with a merchant at Rio——

Mr. STEWART. I am liable for damages.

Senator MARTIN. That is true, but you are not liable to be put in jail.

Mr. STEWART. Do not put them in jail, then; but have an officer there to make them go.

Senator MARTIN. Can an officer compel you to comply with your contract?

Mr. STEWART. Certainly he can.

Senator MARTIN. Only in the way of the payment of damages.

Mr. STEWART. In damages. Does anyone have to bring a suit in equity in order to have me arrested by a policeman? He has the power to take me and put me in a certain place.

Senator MARTIN. There is no law——

Mr. STEWART. There can be a law.

Senator MARTIN. There is no law which makes it a criminal offense for you to violate a civil contract. I grant you the sailor is a troublesome individual, but I do not see how we can make the violation of a civil contract a criminal offense.

Mr. STEWART. This shows that I have not, as I told you, given the matter sufficient thought. I do not want it made a criminal offense. All I want is that if I have my boat at the wharf, my crew signed and shipped, and the tugboat there, and a favorable wind, the United States Government shall not say specifically, as it does, going out of its way to say it: "Gentlemen, you have a right to go away and leave this ship, without any penalty." I do not want it made a criminal offense, but keep them on the boat.

#### THE LAW ABROAD.

Senator MARTIN. How are you going to keep them on the boat? Are you going, by the exercise of physical violence, to compel a man to comply with a civil contract?

Mr. STEWART. Yes, sir.

Senator MARTIN. That would be a most extraordinary proposition.

Mr. STEWART. It is done in France and Germany and England.

Senator MARTIN. In imperial countries a great many things are done that we would not tolerate here.

Mr. STEWART. I have lived in England and France and Germany, and I have heard the talk of the bad condition the men are in, but I have never witnessed it in my life.

Senator MARTIN. It might be enforced by affixing a fine——

Mr. STEWART. You would never collect it.

Senator MARTIN. By affixing a fine on anybody who interferes with sailors who have been shipped.

Mr. STEWART. The English laws compel seamen to go aboard after signing. The American laws allow seamen to do just as they please. If a seaman after signing makes up his mind not to join the vessel, and to walk off, he can do so.

Representative McDERMOTT. I think the American laws should provide the same thing.

Mr. STEWART. I do.

Representative McDERMOTT. I fully agree with you. I think there should be a penalty. The sailors should not be allowed to desert the ship.

Mr. STEWART. I say let me run my ship. I will give the sailors lime juice and sugar. It does not amount to anything. But at present I have to spend a week to get a crew. I have to resort to the most illegitimate means to obtain them.

Representative McDERMOTT. Then you ought to be punished.

Mr. STEWART. I am willing to be punished. I have to go to the boarding-house masters and say, "Keep these men there for me," and that means expense.

Then on the question of allotments, not letting a man draw wages, I think they ought to have that privilege. I get around it by loaning my money, and if they do not pay me I am the loser.

Gentlemen, I wish to apologize for talking so much.

#### STATEMENT OF HARRY SCHMIDT.

The CHAIRMAN. One phase of our inquiry relates to the existing laws, and we are asked to ascertain whether or not any "change or changes should be made in existing laws relating to the treatment, comfort, and safety of seamen, in order to make more attractive the seafaring calling of the American merchant service."

The Chair understands that some representatives of the seamen are present, and the Commission will be glad to hear from any seaman who desires to be heard.

Harry Schmidt appeared before the Commission.

The CHAIRMAN. Are you an American citizen?

Mr. SCHMIDT. Yes, sir.

The CHAIRMAN. Where were you born?

Mr. SCHMIDT. In Germany.

The CHAIRMAN. Are you in the service at the present time?

Mr. SCHMIDT. I am not in the service. I just left a vessel about three weeks ago.

The CHAIRMAN. What vessel?

Mr. SCHMIDT. The *Ada F. Brown*.

The CHAIRMAN. Have you been in other service than that of the United States?

Mr. SCHMIDT. Yes, sir; I have been a little while in German vessels and in English vessels.

The CHAIRMAN. What have you to say with reference to the life of the seamen?

#### MORE LIVING SPACE, MORE WATER.

Mr. SCHMIDT. I should like to say that there is insufficient space for us to live on board American vessels now. This is true not only of American vessels but of every vessel I have been on. The American law allows us 72 cubic feet of space to live in. That is not very much. They used to allow 6 feet long, 6 feet high, 2 feet broad. Another thing, there is no ventilation required. If there is any kind of bad weather we are just locked up. We can not move. We have been trying to get the shipowners to give us better quarters, but they will not do it by themselves.

Some shipowners have gone to work and built a mess room for us to eat in. You must understand the ordinary forecabin is all one place. You have to sleep in there, wash in there, keep your clothes in there, and eat in there. As a matter of fact, you come out of this place you sleep in and there is your grub. There are no accommodations to wash yourself or take a bath. You live like hogs—everything in one pen.

Furthermore, the law allows us only one gallon of water a day for everything. That is to keep yourself clean, to keep your clothes clean, drinking water, and water for cooking your food. That is not very much. After drinking and washing there is not much left for you to wash clothes with. We would like to have, if possible, a law giving us a little better quarters and giving us a little more water. The food we get at the present time we are satisfied with, especially in the coasting trade. In the deep-water trade the food is sufficient.

Furthermore, gentlemen, I should like to say that if the seaman goes out of port in the foreign trade he gets advance pay. There was law passed in Congress, if I am correct, a couple of years ago to stop this, and at the same time it did not stop it altogether as it should have done, because a seaman, when he gets paid off, coming out from the foreign trade, has twelve to fourteen months' pay coming to him, and it amounts to over \$200. Inside of fourteen days he may ship again. Why does he want to get \$13 or \$14 dollars advance? I do not see what he wants it for. It simply opens the way for crimps to come in and get the money.

There are shipowners in Baltimore who employ men who are not men enough to do straight business, who intoxicate a man and put him aboard a vessel. That is what they do in the city of Baltimore, and shipowners employ men to do this work because they can get the men in that way a couple of dollars cheaper. We can not do anything. We tried to remedy it. It is no use.

Men carry sailors from foreign vessels coming into this port and put them aboard American vessels. I can prove it. A vessel came in—I do not want to mention the name—a German vessel, and nine men were stolen. Those men were used to man the *Maine*. That is not right.

Senator MALLORY. What is your present occupation?

Mr. SCHMIDT. I used to be second mate on the *Brown*.

Senator MALLORY. What are you doing now?

Mr. SCHMIDT. I was looking for work. I am going to sea again as soon as I can get some.

Senator MALLORY. Are you doing anything now?

Mr. SCHMIDT. No, sir; not now.

Senator MALLORY. You say that nine men were stolen from a ship, and that it was a German ship?

Mr. SCHMIDT. A German ship.

Senator MALLORY. Do you know the men——

Mr. SCHMIDT. I can come pretty near proving it.

Senator MALLORY. I do not want to ask the man's name. What was the occupation of the man who did it?

#### WORK OF THE "RUNNERS."

Mr. SCHMIDT. He was a boarding-house runner. The boarding master was too smart, and he employed somebody else to do the work.

Senator MALLORY. The boarding-house master is the boarding-house keeper?

Mr. SCHMIDT. Yes, sir.

Senator MALLORY. He has a runner?

Mr. SCHMIDT. Yes, sir.

Senator MALLORY. That runner goes aboard ships to get crews to board at the boarding master's?

Mr. SCHMIDT. Yes, sir.

Senator MALLORY. And through that runner, he ships his crew?

Mr. SCHMIDT. Yes, sir; for an American vessel, just for the sake of the advance.

Senator MALLORY. Do you know whether any bounty is paid on coastwise voyages to the seamen or to the boarding-house master by captains? The law forbids their giving any advance wages.

Mr. SCHMIDT. I will tell you of a case.

Senator MALLORY. You need not tell me of any specific case. Do you know whether such a thing is ever done?

Mr. SCHMIDT. There is a man in the city of Baltimore—I can go and sign on a vessel to-day—and I can go up to the man who is a shipping master and get \$10 or \$15 worth of clothes off him and simply send the bill to the captain and the captain will pay the bill. I think that amounts to the same thing.

Senator MALLORY. What I want to know is whether when the captain does pay the bill he deducts it from your wages?

Mr. SCHMIDT. Yes, sir.

Senator MALLORY. Do you know that to be true?

Mr. SCHMIDT. Yes, sir.

#### HARD USAGE ON DEEP-SEA SHIPS.

Senator MALLORY. How do you think the condition of American seamen in the foreign trade compares with that of the British and German seamen? I believe you said you have sailed on British and German ships?

Mr. SCHMIDT. Yes, sir; before I came here.

Senator MALLORY. How do their conditions compare relatively on American, British, and German ships? Are they as well treated or better treated or how?

Mr. SCHMIDT. As a matter of fact, in the deep-water trade the American seaman is treated the worst.

Senator MALLORY. The worst?

Mr. SCHMIDT. Yes; they are treated the worst of any nation.

Senator MALLORY. In what respect?

Mr. SCHMIDT. Because on many ships the men work from sunrise to sunset. Seamen on board vessels work on four-hour watches. In the afternoon or even the first dogwatch you would not get a minute below, and there is no law to stop it.

Senator MALLORY. Is not that the case on German and British ships?

Mr. SCHMIDT. No, sir; not on German ships.

Senator MALLORY. Suppose there is a squall coming on?

Mr. SCHMIDT. That is necessary work. This is not necessary work. It is all kinds of work, even to keep you up scrubbing the decks, on the American ships I have been on.

Senator MALLORY. They employ the American sailor too much; keep him going too much?

Mr. SCHMIDT. Yes, sir.

Senator MALLORY. Is there any other ground of complaint?

Mr. SCHMIDT. Since we got the new law the grub is better. We get sufficient to eat. If the quarters were only in better condition and if we had a little more water, it would be all right. A gallon of water is not enough.

Senator MALLORY. Are you a citizen of the United States?

Mr. SCHMIDT. Yes, sir.

Senator MALLORY. How long have you been in this country?

Mr. SCHMIDT. I have been here now six years and a half.

Senator MARTIN. Is the supply of water any better on foreign ships than on American ships?

Mr. SCHMIDT. It was not to my knowledge when I was there, but I think it is now.

Senator MARTIN. But when you were there it was the same as on the American ship?

Mr. SCHMIDT. Yes, sir.

Senator MARTIN. What about quarters?

Mr. SCHMIDT. The foreign ships give you a little more, I believe.

Senator MARTIN. You believe so. You are not certain?

Mr. SCHMIDT. No, sir.

Senator MARTIN. In the foreign ships you served on did you have better quarters?

Mr. SCHMIDT. Yes, sir.

Senator MARTIN. More space?

Mr. SCHMIDT. Yes, sir; on the English and German ships I was on we had better living quarters than on the American vessels I have been on.

NO ADVANCE WANTED.

Senator MARTIN. Do you think the seamen would be benefited by the repeal of the law which forbids an advance? Do you think it would be better to let the seamen get as much as the shipmaster will give him?

Mr. SCHMIDT. Give no advance at all. The money does not go to the seaman. It goes to the crimp.

Representative MINOR. Do you claim that the food schedule of Germany is better than ours?

Mr. SCHMIDT. I did not say that.

Senator MARTIN. What foreign nation feeds better than we do?

Mr. SCHMIDT. I did not say anything about grub. I said the grub was now satisfactory after the new law.

Representative MINOR. Do you know the legal requirements on a German ship in respect to the space for each sailor?

Mr. SCHMIDT. No, sir; I do not. I know what it is on American ships.

#### STATEMENT OF JOSEPH R. FOARD.

Joseph R. Foard appeared before the Commission.

The CHAIRMAN. I should like to ask you, Mr. Foard, if I am correct in the belief that you are president of the Board of Trade?

Mr. FOARD. Yes, sir; I happen to be this year.

The CHAIRMAN. You are engaged in ocean transportation to some extent?

Mr. FOARD. I have never had anything to do with anything but the shipping and the importing business.

Mr. Chairman and gentlemen, you have come here to listen to us talk about ships—ships in general and American ships in particular.

It is an interesting subject, peculiarly so to me. It is also one in regard to which our people generally are more ignorant than of almost any other problem they have had to solve, and I have no hesitation in adding that the ignorance has not been limited to those who have been silent. Most fantastic statements have been made in regard to the profits of ship owning and estimated savings in freights on exports, if we only owned our own ships. There is no patriotism in business, and surely no American shipowner ought to be depended upon to be foolish enough to freight his neighbors' goods at lower rates than he is obliged to. No capital is subject to greater variations in earning power than that which is invested in ships. A ship's port charges and expenses are bound to be distributed where she goes, without regard to her flag. It is only the net earnings which come home, and they are now and have been an almost unknown quantity for upward of two years, during which shipping has been passing through one of the worst periods of depression in its history. The law of supply and demand has full sway upon the sea, and, with the energy and enterprise of the whole world to draw upon, commerce has not usually long to wait for a remedy for excessive freight rates.

#### A PROSAIC BUSINESS PROBLEM.

Ships have furnished a theme for poets and romance writers of all ages, but the "white-winged messengers of peace" that helped to wind the "silken chain of commerce around the world" have almost completely disappeared. There is nothing beautiful, certainly nothing poetical—unless sometimes their names—about the ugly, black-funnelled, smoke-begrimed machines, which now perform that service



for commerce, classified commonly as "ocean tramps," and in place of the merchant masters of the old days we now only need capable navigators and engine drivers. It is, therefore, a most prosaic and practical business problem for which you have been commissioned to suggest a solution. I presume it has already been demonstrated to your satisfaction that the United States have already lost their once proud place upon the seas, and that there is no present prospect of regaining it under existing laws and conditions. The remedies which have been suggested to you, I presume, have been limited to free ships, modified navigation laws, differential duties or tonnage dues, mail subsidies or contracts, general subsidies, and builders' or owners' bonuses.

#### "FREE SHIPS" AND FREE CREWS.

Taking them up in the order stated, I feel obliged to first plead guilty to having been a lifelong advocate of free ships as a safe and sure remedy, provided it is accompanied by some measure of relief from the needless and absurd requirements of our navigation laws. My faith has never been shaken for even a passing moment that if at the end of the civil war our people, my own included, had been permitted to buy ships in the cheapest market the United States would be sharing with Great Britain to-day the supremacy of the seas. We have lost forty whole years, and I am gray enough at least to have become very weary of waiting for what may never come.

Our navigation laws would render the operation of foreign-built ships more expensive in competition with similar ships operated under foreign flags, and should be liberally modified in any case. Why in the name of all that is just and fair and right should an American shipowner be any more restricted in regard to the nationality of the people on his ships than the servants of his household? Why, I also ask, should the law of our country not enable a shipowner to compel the fulfillment of a sailor's contract of employment, executed in our own or any other country, as the laws of all other maritime countries do? All that England asks of her officers and engineers is that they shall possess certificates of competency from the proper authorities; of her sailors and firemen, nothing at all; why should we? In all ages the poorer nations and countries where living has been hard to obtain have furnished the sailors of the world. The United States contributed its full share in the earlier days and before the development of our marvelous home resources. Why should not commerce have the benefit of the labor of those who are obliged to go to sea, and any part of it, under any flag, be compelled to persuade men with higher pay to leave more congenial and profitable employment ashore? You, perhaps, will be able to find an answer; I can not even suggest one.

#### OPPOSED TO DIFFERENTIAL DUTIES.

Differential duties I believe to be too complex and uncertain to ever furnish a remedy which would satisfy capital, always wary and needing to be assured of the permanent security of its principal, at least. Personally I do not regard the suggestion as worthy of a moment's consideration. The duty on a ton of iron ore from Cuba is 32 cents.

I am sure the whole of it would not be sufficient to cover the additional cost of transportation in an American as against a foreign vessel. The duty on a ton of sugar from the same island, I believe, would amount approximately to \$45. Fancy for a moment trying to equalize the percentage of duty difference in cost of transportation of a ton of silks or satins from France with a ton of iron ore from Spain, and capital being persuaded of the certainty of returns from a source subject to such whims and vagaries as the import business of any country!

Differential tonnage dues would, I am satisfied, be found equally impracticable and in conflict with our treaties with practically every nation with which we have commerce.

Mail contracts or mail subsidies (the name makes no difference to me) I have no hesitation in saying I believe in for fast steamers running on regular routes upon the most liberal terms. By no other means do I believe it will be possible for our country to become provided with a proper fleet of speedy ships suitable for prompt conversion into transports and auxiliary cruisers in time of war or danger of war, often to be averted by a show of sufficient force and determination.

General subsidy I believe to be as impossible of attainment as free ships, at the same time absolutely impracticable and the most expensive aid to shipping that human ingenuity could devise. Capital, wary, as I have said before, and whimsical to the last degree, will want to be assured that it starts square and with a fair chance at least. Why should it not be when it is possible at infinitely less cost to the country in the shape of a shipbuilder's or shipowner's bonus, if public money is to be paid out in any shape in order to build up our merchant marine?

I assume for the sake of argument, and I believe my estimate is correct, that the cost of an American as compared with a foreign-built steamer of a given size to-day would be 50 per cent greater. Let us, therefore, assume that a modern tramp steamer of 6,000 tons dead-weight capacity, costing in England to-day £6, or \$30 per ton—say \$180,000—would cost built in the United States \$90,000 additional, or \$270,000. A fair estimate for insurance, depreciation, and interest on such a new vessel would be 20 per cent per annum, diminishing later to, let us say, an average of 15 per cent for the assumed life of such a ship—20 years. It is obvious that, to overcome the additional first cost alone, a subsidy of \$13,500 per annum would be required for twenty years, or a total of \$270,000, just the whole original first cost of the ship, to carry and ultimately wipe out the additional first cost of only \$90,000. A case of one for three. The \$90,000 could even be borrowed at 2 per cent, and paid off in 20 years with a sinking fund of about 4 per cent at a cost of only \$5,400 per annum against \$13,500, or a total of \$108,000 against \$270,000, and the saving would pay a similar bonus for one and one-half more similar ships. A case of two and one-half for one. Can the United States Government be seriously and reasonably asked to pay 15 per cent per annum for money to buy ships on the installment plan for the benefit of any class of our citizens? As a plain one, with some pride and patriotism, I answer no—a thousand times no.

## A WHOLESALE DEMAND.

My shipbuilder friends will doubtless insist that, unless our whole fiscal policy is changed, we can not expect they will ever be able to entirely wipe out the difference between the cost of American and foreign built vessels. I have more faith in them and no hesitation in stating my conviction that under the stimulus of largely increased output from their yards, lessening organization costs, and specialized labor, American genius can and will solve the problem within a reasonable time. Tradition, or rather adherence to it, is largely responsible for the cost of shipbuilding. The sort of people who have successfully and profitably built bridges and aqueducts in remote parts of the globe, in competition with every competitor on it, and who have for many years shipped locomotive engines all over the world, surely need only a wholesale demand to teach them somehow at some future time to put the same sort of material together into ships and marine engines as cheaply as any other people on earth. For more than forty years we have been talking and trying to prove what we could not do; we must get out of the habit; it is a bad one.

Summing up briefly, I would recommend—

Liberal mail contracts with the owners of American steamers, already built or to be built, when operated on regular routes.

Amended navigation laws, permitting the employment of competent people of any race, creed, or color as officers, sailors, or firemen, also providing for the enforcement of contracts of employment entered into at home or abroad. The victualing laws are vexatious and somewhat unreasonable, but they would not alone, in my opinion, deter capital from investment in American ships.

Builders' or owners' bonus 50 per cent in cash at once upon the commissioning of ships completed within two years of the passage of the act, diminishing at the rate of 5 per cent per annum down to nothing at the end of ten years; ships so built and paid for to be forbidden to engage in the coastwise or protected trades during the bonus period or any subsequent extension of the same.

I am aware that my suggestions make no provision for relief of the owners of American ships already built in anticipation of a general subsidy, or for any other reason. They would have the benefit of the coastwise and of prohibited, and probably to be prohibited trades; with that they would have to be content.

The CHAIRMAN. I assume that you would not advocate the purchase of ships abroad and permit them to have American registers and to operate in the coastwise trade?

Mr. FOARD. Under no circumstances; certainly not until the coastwise trade is prepared for it.

I wish to leave with you a statement of actual wages on a British ship and a Norwegian ship, compared with a hypothetical American ship.

The CHAIRMAN. That is very important information, and we are glad to get it. It will be printed in the record.

*Statement of comparative wages—United States, English, and Norwegian steamers of about 6,000 tons dead-weight capacity.*

[Per month each.]

Position.	No.	United States.		No.	English.			No.	Norwegian.					
					£	s.	d.	£	s.		Crown.	Crown.		
Master.....	1	\$150	\$150	1	2	0	0	20	0	\$97.20	1	480	480	\$127.20
First mate.....	1	90	90	1	10	10	0	10	10	51.08	1	130	130	34.45
Second mate.....	1	75	75	1	8	0	0	8	0	38.88	1	80	80	21.20
Third mate.....	1	60	60	1	6	10	0	6	10	31.59	0			
Chief engineer.....	1	125	125	1	16	5	0	16	5	78.98	1	250	250	66.25
Second engineer.....	1	90	90	1	12	0	0	12	0	58.32	1	160	160	42.40
Third engineer.....	1	75	75	1	8	0	0	8	0	38.88	1	100	100	26.50
Fourth engineer.....	1	60	60	0							0			
Donkeyman.....	0			1	5	0	0	5	0	24.80	0			
Carpenter.....	1	40	40	1	6	0	0	6	0	29.16	1	90	90	23.85
Boatswain.....	1	40	40	0							0			
Sailors, A. Bs.....	8	25	200	6	3	17	6	23	5	113.00	4	70	280	74.20
Sailors, O. S.....	0			2	2	10	0	5	0	24.30	2	55	110	29.15
Firemen.....	8	30	240	8	3	16	3	30	10	148.23	4	105	420	111.30
Cook.....	1	50	50	1	5	10	0	5	10	26.73	1	75	75	19.88
Steward.....	1	45	45	1	7	0	0	7	0	34.02	1	100	100	26.50
Sailor boys.....	0			0							2	40	80	21.20
Oilers.....	0			0							2	60	120	31.80
Firemen boys.....	0			0							2	40	80	21.20
Mess boys.....	2	15	30	1	2	10	0	2	10	12.15	2	20	40	10.60
Total.....	80		1,370	28				166	0	806.77	27		2,595	687.68

Difference between average of English and Norwegian wages and American wages \$623, or 10.38 cents per ton of capacity per month, or \$1,246 per ton per annum.

Difference between English and American wages \$563, or 9.38 cents per ton of capacity per month, or \$1,126 per ton per annum.

Difference between Norwegian and American wages \$682, or 11.36 cents per ton of capacity per month, or \$1,364 per ton per annum.

Mr. FOARD. I should like to leave with you circulars giving the prices at which modern ships can be bought up to date. I think perhaps they will help you in your deliberations.

The CHAIRMAN. We are glad to receive the information.

### STATEMENT OF FELIX FOLEY.

The CHAIRMAN. Is there present any other representative of the seamen who wishes to be heard?

Felix Foley appeared before the Commission.

The CHAIRMAN. Are you an American citizen?

Mr. FOLEY. Yes, sir.

The CHAIRMAN. Born in this country or naturalized?

Mr. FOLEY. Naturalized.

The CHAIRMAN. You are a native of what country?

Mr. FOLEY. Canada.

The CHAIRMAN. Are you a seaman?

Mr. FOLEY. Yes, sir; I have been for some time up to the last few years. I represent the Sailors' Union here in Baltimore.

The CHAIRMAN. You have not been to sea for some time?

Mr. FOLEY. Not for some time.

The CHAIRMAN. For two or three years?

Mr. FOLEY. About two or three years.

The CHAIRMAN. You are under pay by the sailors' union?

Mr. FOLEY. Yes, sir.

The CHAIRMAN. What are your duties in that connection?

Mr. FOLEY. To look after sailors on the American coast.

The CHAIRMAN. What have you to say to the Commission concerning the American sailor?

Mr. FOLEY. In regard to invoking the Government aid in building up a merchant marine, I will say that it is a very fine thing, but not a word is said about how to get sailors to man your ships. I think if American sailors were given the same privileges that men have on shore there would be far more Americans going to sea.

The CHAIRMAN. In what regard?

Mr. FOLEY. The sailor does not have one word to say so as to making his own bargain with the captain of the vessel. It is done through a third party. He has not one word to say in regard to his own wages.

#### THE SAILOR'S CONTRACT.

The CHAIRMAN. Does not the sailor sign a contract?

Mr. FOLEY. He signs a contract, but the way it is done is this: The work is given to a boarding master or a shipping master, as the case may be, and he goes around, and he fixes the wages for the men, practically. That is, on the American deep-water trade. On the coast, the sailors get wages that they are satisfied with at the present time.

The CHAIRMAN. Do you argue, as a seaman did in New York, I think it was, that the sailor who makes a contract should be permitted to break it when the vessel reaches a foreign port?

Mr. FOLEY. Very often it is not the sailor's fault that it is broken.

The CHAIRMAN. Do you argue that the sailor ought to be permitted to do that? A representative of the seamen's union argued before the Commission that the sailor ought to have the same privilege, as you have expressed it, that the man on land has to hire himself and to leave his employment when he pleases, notwithstanding his contract.

Mr. FOLEY. I think the sailor is entitled to the same privilege that a man on shore is.

The CHAIRMAN. After he has signed a contract?

Mr. FOLEY. I do not believe in a man breaking his contract, but very often the man is compelled to break it.

The CHAIRMAN. Under what conditions?

Mr. FOLEY. Very often the man is shipped in a condition where he is not fit to go aboard. He may be put aboard drunk and the vessel immediately puts out to sea. Maybe she is bound to Rio; maybe to some other part of the world; and when he gets there he finds out where he has been, and he simply leaves the vessel, and possibly he is not liked very well aboard the vessel.

The officers or mate may make it interesting enough for him to leave by giving him such work as they see fit to give him, and work that he knows it is not necessary for him to do.

The CHAIRMAN. What else have you to say?

#### ADVANCE SHOULD BE ABOLISHED.

Mr. FOLEY. If this advance was stopped entirely, and if the system of going aboard foreign vessels and getting men to leave and keeping them in boarding houses until they are ready to go, and then putting them aboard at the shipping master's wages, was stopped, I think there would be more Americans going to sea. The advance ought to be abolished altogether.

The CHAIRMAN. Do you think Congress can legislate to correct all these little informalities and evils?

Mr. FOLEY. I believe if it can stop the advance, it would be very

good for the American sailor. Since it has been abolished in the coasting trade, there has been very little trouble. In fact, none at all.

The CHAIRMAN. You would have the statute include the deep-sea trade as well as the coastwise trade?

Mr. FOLEY. Yes, sir.

Senator MALLORY. Do you think if we did that, it would have anything to do with abolishing the stealing of sailors from foreign ships?

Mr. FOLEY. It certainly would. Who would steal them if they could not get an advance? There would be no one to sell them to. With the conditions on board of an American vessel, what would a man do without some advance? He lands here; he spends his money. He wants to go to sea again, and can not get clothes perhaps.

Senator MALLORY. What do they do in the coastwise trade, where no advance is allowed?

Mr. FOLEY. I never heard any sailor make any complaint.

Senator MALLORY. I have received petitions this winter asking for the repeal of the law.

Mr. FOLEY. I have no doubt of it, but not from sailors.

Senator MALLORY. Yes; from the Sailors Union on the Pacific coast.

Mr. FOLEY. I have never sent out any. It has been our fight on the Pacific coast and on the Atlantic coast as well to stop the advances entirely.

Senator MALLORY. Of course Congress is willing to do what is best for the sailors and the only question is what is best. It is contended that the sailor can not deposit any wages for his wife and little ones when he goes to sea, whereas, if he were allowed to have an advance, he might do so. A good, reputable man would.

Mr. FOLEY. The advance is taken away before the sailor ever goes to sea.

Senator MALLORY. In what shape?

Senator MARTIN. How would it do to let the advance be paid to the United States shipping commissioner, to be sent to the family of the sailor?

Mr. FOLEY. It would be used as an evasion, and you would go back to the old rut.

A ship was here the other day. She generally pays off on the other side of the water. There is an advance allowed—I think \$10—to go across. She will go across there in, say, ten days. What does the man have on the other side? This man would make his own trade and get his money, and when he gets his money he would have \$10 to live on until he gets work. But if he has to go in a boarding house he is shipped right back here again in the same condition. He is entirely in the hands of the shipping master all the time.

#### LARGER FORECASTLES, MORE WATER.

I should like to say a word in regard to schooners and the accommodations for sailors. At present the accommodations aboard most of the vessels are very small. The men eat and sleep and live practically in one house, and it is a very small house, too. In some cases the house has one door only, and when a vessel is sailing on the wind and the door is open there is more or less water coming in, and it simply fills the forecandle right up, and it is impossible to get clothes dry.

The CHAIRMAN. What do you say about the water supply, which was referred to by the seaman who testified before you did?

Mr. FOLEY. It is not large. In the coastwise trade there is no restriction on water at all.

The CHAIRMAN. How is it in the foreign trade?

Mr. FOLEY. In the foreign trade there is.

The CHAIRMAN. Is it inadequate? Is it insufficient for the comfort of the sailor?

Mr. FOLEY. I think it is. You can understand yourself that a gallon of water a day is a very small amount for a man to wash with and for all his uses.

The CHAIRMAN. To what extent would you suggest that it be increased?

Mr. FOLEY. That would be a thing where it would be required to look at both sides of the question.

The CHAIRMAN. Yes; that is what we want to do.

Mr. FOLEY. The vessel's chance of carrying water and the seaman's privilege to have water.

The CHAIRMAN. Is there any other point?

#### UNDERMANNING.

Mr. FOLEY. I should like to say a word about schooners: They are undermanned. A vessel carrying three or four or five thousand tons of coal employs four or five men. It is true she has steam aboard her to hoist the sails and take up anchor; but let the steam break down at sea, and the vessel is entirely at the mercy of the elements. She does not carry enough men to take care of her—not at all. She is simply at the mercy of the elements. There should be more men.

Senator MALLORY. About how many?

Mr. FOLEY. I should think that a vessel of that size should carry three more men anyway, according to its tonnage.

Senator MALLORY. Measured by the tonnage of the ship?

Mr. FOLEY. Yes, sir.

Senator MALLORY. Take a five-masted schooner of 2,000 tons, or a six-masted schooner. Was not that a six-masted schooner we saw at Philadelphia? Take a six-masted schooner of 2,000 tons.

Mr. FOLEY. I do not think there is any schooner of that size now.

Senator MALLORY. Yes; she is 2,400 tons net.

Mr. FOLEY. Six masted?

Senator MALLORY. Yes; we saw her in Philadelphia yesterday.

Mr. FOLEY. As a general rule they carry only about 6 men.

Senator MALLORY. What do you think she ought to carry?

Mr. FOLEY. She ought to carry at the least calculation 8 or 9 men. I think there is a bill before Congress to that effect—a manning scale.

Senator MALLORY. Based on tonnage?

Mr. FOLEY. Yes, sir.

The CHAIRMAN. Is there any other point to which you wish to refer?

#### A LOAD LINE.

Mr. FOLEY. A gentleman spoke to me about a man breaking his contract and going ashore in England. In England they also have a law that they shall load only so much. It is called the Plimsoll line. This country has not. They simply load them to the scuppers. When the water comes in the scuppers on the deck she is loaded. That is well understood on the American coast. If this was remedied I think it would be an encouragement for Americans to go to sea.

As far as concerns men being taken aboard vessels, very often these men go aboard, not of their free will, but because they have to go aboard. They are simply in the hands of a lot of unscrupulous people, ready to sell them to the highest bidder. A captain will want a crew of men and will go to the boarding master to procure them. There is competition amongst these men. If these men can not get sailors for their figures they will go to the next man. Probably he is compelled to get them at the figures of the next man or lose the shipping.

The CHAIRMAN. Do you know of any instance where men have been stolen?

Mr. FOLEY. That is a pretty hard thing to prove, but I have reason to believe in my own mind that it is done every day. I see men go aboard a vessel and come back with several men.

### STATEMENT OF C. C. BUCKMAN.

C. C. Buckman appeared before the Commission.

The CHAIRMAN. What is your business?

Mr. BUCKMAN. I am manager of the United Fruit Company, Baltimore division.

The CHAIRMAN. The ships of your company ply between what ports?

Mr. BUCKMAN. Between United States ports and West Indian ports.

The CHAIRMAN. Under the American flag?

Mr. BUCKMAN. Not many of them; very few.

The CHAIRMAN. Some of them do?

Mr. BUCKMAN. Yes; some of them.

What I want to say is merely this: I understand that our company has been represented before you in New York and will very likely be represented before you in Boston more ably than I could present our case, so I shall have very little to say on the subject. In fact I am sure if our people in Boston, where our main office is located, state their case, they will give it more in detail and in better form than I could.

I have had a great deal of experience in the shipping business—foreign shipping—between here and West Indian ports. I have chartered a great many ships. Our company employs about seventy to seventy-five steamships, running between United States ports and West Indian ports and Central American ports, and principally in conveying bananas from our properties in those various countries, and I do not suppose more than 10 per cent are American ships. Of course we do business, and we employ foreign ships to do the business.

Senator MALLORY. Are most of those vessels chartered?

Mr. BUCKMAN. Most of them are chartered. We own some vessels.

Senator MALLORY. I mean, of course, the foreign ships that you have in your employ.

Mr. BUCKMAN. We can not own foreign ships. We have had some ships built in this country. We got a little patriotic and had some built here, but there is not much sentiment in business, and we can not run the ships we had built here nearly as cheaply as we can charter ships from Norway and England. Of course we are able to do business, and we charter them and bring them here, and we bring our products here in foreign hulls, but personally I should like to see every ship we have fly the American flag at the stern.



Senator MALLORY. Can you state from your experience what is the average difference between running a vessel under the American flag in that trade and a foreign ship?

THIRTY PER CENT GREATER.

Mr. BUCKMAN. Yes. We figured that to run an American ship as compared with a foreign ship, considering the labor, the crew, and all that, the cost is at least 30 per cent greater in an American ship.

Senator MALLORY. Thirty per cent?

Mr. BUCKMAN. Yes; there is a greater difference in some ships, comparatively, in this way: We have ships at times come here under charter that have a Chinese crew, probably engaged for a year or two on the other side at a very low rate, and that makes a greater difference, of course, in that particular instance than in instances generally.

Senator MALLORY. But the ordinary difference, you say, is about 30 per cent?

Mr. BUCKMAN. Yes, sir.

Senator MALLORY. Not more than that?

Mr. BUCKMAN. It will average at least 30 per cent the way we figure it. Of course these crews are engaged on the other side for a term, for a period, and sometimes when the ships come here the crew desert the ship, and when the sailors and firemen are put aboard here the ship has to pay the wages of the port, which are greater than the wages in foreign ports.

#### STATEMENT OF JOHN C. ROSE.

The CHAIRMAN. The Chair understands that Hon. John C. Rose, United States district attorney, is in the room, and if it is agreeable to him, the Commission would be glad to have Mr. Rose make a brief statement as to the matter of advances to sailors.

Mr. ROSE. Mr. Chairman and gentlemen, I have been district attorney here for nearly six years. The law on this question is difficult to enforce, because it is always difficult to protect men who can not very well protect themselves. But what I want to say to the Commission, particularly, is this: I trust there will be no letting down of the bars on the question of advance, and no increase of the facilities for giving advance, because practically the way it works is that if any advance is allowed, every man is required to pay that advance, entirely irrespective of the amount of accommodations he gets from the boarding-house keeper.

For example, I tried a case here very shortly after the passage of the act of 1898. An attempt, fortunately defeated in that case, was made to evade the law by shipping the men at 25 cents for the first fifteen days and a dollar a day afterwards. We had on the stand six or seven different men who had enjoyed the accommodations and benefits of the boarding houses, their periods running from a half day to ten days and to two weeks. The charge against each one of those men was precisely the same. One very intelligent and decent appearing man testified that he came here on the day before he shipped, perhaps on the morning; that he went to the boarding house only after he had been here some hours, because he found that it was practically

impossible to get a berth on a ship unless he was shipped by the boarding master.

It was in connection with one of Mr. Buckman's vessels, if my recollection is not wrong. We had Mr. Buckman in the case as a witness.

The shipowners are helpless. They have to take the men from the boarding-house masters, and unless they do, they can not get any, because the men are all controlled by the boarding masters. This man testified that he went into the house simply because he was compelled to do it in order to get employment. He was charged \$10 advance, the same as anybody else. If you give facilities for advance, every man will have to pay the same.

#### STATEMENT OF HENRY G. HILKEN.

The CHAIRMAN. We have now gone through the list of speakers. Are there any volunteers who wish to occupy the remaining ten minutes?

Henry G. Hilken appeared before the Commission.

The CHAIRMAN. Mr. Hilken, what is your business?

Mr. HILKEN. We are agents of the North German Lloyd Line.

The CHAIRMAN. You understand the scope of this inquiry?

Mr. HILKEN. Yes, sir.

The CHAIRMAN. Give us your views.

Mr. HILKEN. I wish to say that in any plan you may adopt, whether it be free ships or subsidies, or free ships and a bonus to the shipowner, there is one thing which has to be done, and that is to provide schools for sailors and officers under supervision of our Government. I do not think we have in the United States one competent school under control of the Federal Government, or in strict State control, to prepare shipmasters for their vocations. Although we have a tremendous coast line, we do not teach our citizens properly, in my opinion, in that respect.

Take England; take Germany. Each of those nations—and so with the Netherlands and Belgium—has splendid schools, and we ought to have the same, because if we want to have our ships under our own flag, we surely ought to provide captains for them.

That is all I have to say.

#### REMARKS OF MR. FOARD.

Mr. FOARD. Mr. Chairman and gentlemen, I merely wish to thank you in behalf of those who have been permitted to address the Commission for your great kindness in coming to our city and listening to us so patiently.

#### RESPONSE OF THE CHAIRMAN.

The CHAIRMAN. In behalf of the Commission, I desire to thank the good people of Baltimore for giving us an opportunity to come and hear their views, which have been very interesting.

Thereupon the Commission adjourned.

## HEARINGS AT BOSTON.

ROOMS OF THE CHAMBER OF COMMERCE,  
*Boston, Mass., June 1, 1904.*

The Commission met at 10.30 o'clock a. m.

Present: Senators Gallinger (chairman), Lodge, and Mallory, and Representatives Minor and Humphrey.

**ADDRESS OF HENRY M. WHITNEY, PRESIDENT OF THE CHAMBER OF COMMERCE.**

Mr. WHITNEY. Mr. Chairman and gentlemen, I desire to say just a word of welcome on behalf of our merchants and our people to the Commission which is here to consider a question of very great interest and of very great importance to the people of New England. I welcome you most heartily, both in my capacity as president of the Chamber of Commerce and in my individual capacity.

There is nothing which is of so great interest to the people of Massachusetts as the question of the upbuilding of its commercial interests.

If I may be pardoned a reference to personal history in connection with commerce, I recall being present, something like fifty years ago, when I was a boy here in Boston, at the launching of the *Great Republic* from the yard of Donald McKay. It was then the largest clipper ship that had been built, and I remember the enormous crowds that were in East Boston to see the launching. Possibly there may be in this audience some gentlemen who were also present. But those were the palmy days of American commerce, and I suppose the State of Massachusetts had at that time, and down to 1860, much the largest interest of any State, indeed, probably more than all the States of the Union at that time, in commerce. It is, therefore, of especial interest to the people of Massachusetts to have such measures taken as will promote the upbuilding of the American merchant marine.

I shall not occupy the time of this audience with any extended remarks, and I merely say what I have said in welcome to the Commission and as an expression of sentiment on the part of our people of the great importance to the interests of Massachusetts of the question it is here to consider.

**RESPONSE OF THE CHAIRMAN.**

The CHAIRMAN. Mr. Whitney, in behalf of the Merchant Marine Commission I desire to thank you, sir, and your associate members of the Boston Chamber of Commerce for your generous words of greeting.

This Commission, as is doubtless known to every gentleman present, was created toward the close of the last session of Congress. It is composed of five Senators, named by the President pro tempore of the Senate, and five members of the national House of Representatives, named by the Speaker.

The Commission is charged with very responsible and very perplexing duties. It has been asked to inquire not into the condition of the American merchant marine, for every intelligent American citizen knows what that condition is, but into plans for its rehabilitation. It has been discharging its duty as well as it could, having held meetings in New York, Philadelphia, and Baltimore, where eminent gentlemen expressed their views.

I desire to emphasize the fact, inasmuch as there seems to be a little misapprehension on this point, that the Commission was not created for the purpose of exploiting any particular theory or the notion of any individual or any association. We were not charged with the duty of trying to find reasons why the subsidy scheme should be adopted, why the differential plan should be adopted, or why any other particular plan should be adopted to accomplish the purpose we have in mind. But we were asked to consult the business men of the country, the shipbuilding and the shipowning men of the country as well as the sailors of the country, for the purpose of trying to get information concerning this very important question.

I say I think a misapprehension has existed for the reason that almost before the Commission commenced its work a leading newspaper of the city of Boston suggested that this Commission was created for the purpose of exploiting the subsidy scheme. It is not true. We invite opinions from all classes of men, and we are glad to receive suggestions along any possible line of the work that has been committed to our hands.

We are also charged, under the statute, with ascertaining, so far as we can, methods for the amelioration of the condition of the seamen of the country, so as to make the seafaring calling more popular than it is at the present time; and we have in our former hearings asked seamen, men who go to sea before the mast, and who are supposed to know something about the conditions of the American seamen, to come and testify before the Commission.

Now, Mr. Whitney, we are here to-day for that very purpose. We are here to invite opinions from men who are supposed to know something on this great subject, no matter what their views may be, and we hope that out of the mass of information that we shall secure before the work of the Commission closes, we may be able at least to lay the foundation for some remedial legislation which will do something toward the upbuilding of the American merchant marine, which we all know is in a deplorable condition at the present time.

Thanking you again, sir, for your kind words, the Commission is ready to proceed with its work. (Applause.)

#### STATEMENT OF ALFRED WINSOR.

The CHAIRMAN. I will inquire if Mr. Alfred Winsor is present.

Alfred Winsor appeared before the Commission.

The CHAIRMAN. Mr. Winsor, state to the Commission what your business is.

Mr. WINSOR. I am president of the Boston Steamship Company, the Boston and Philadelphia Steamship Company, and the Boston Towboat Company.

The CHAIRMAN. Where do your companies operate vessels?

Mr. WINSOR. The Boston Steamship Company is now operating a line from Puget Sound to the Orient and Manila—two large ships and three smaller ships, owned by the Boston Towboat Company.

The CHAIRMAN. You are familiar with the work that has been assigned to this Commission?

Mr. WINSOR. Yes, sir.

The CHAIRMAN. The Commission will be pleased to hear any views you may wish to present.

Mr. WINSOR. Thank you.

Mr. Chairman and gentlemen, I understand you do not care for any further evidence as to the necessity for Government aid to our merchant marine. I have appeared before Congressional committees at Washington the past session, and several members of your Commission know my views on the importance of immediate action by our Government for relief if the small remnant of our former merchant marine engaged in deep-water or foreign commerce is to be kept under our flag. I am glad I am not expected to repeat the facts, which would only be cumulative and weary you. Yet my present position of attempting to run, in regular lines to foreign ports, new, American-built steamships, under the American flag, in competition with subsidized foreign ships, gives me authority to say there is no hope of building up or increasing our foreign-going merchant marine under present conditions.

#### A DIRECT SUBSIDY.

As to the method of relief, I would suggest for your consideration, first, a system of direct subsidy. Recognizing that the so-called Frye bill, which failed of enactment by the Fifty-seventh Congress, met considerable opposition even from undoubted friends of the upbuilding of our merchant marine, I about a year ago, with the assistance of a few others interested in this question, formulated a subsidy bill on other lines, viz, for freight steamers and sail vessels, with extra compensation of .25 per cent to encourage regular lines to foreign ports, leaving the present mail subsidy to take care of the fast steamers. As the Gardner bill, creating this Commission, was introduced early in the last session of Congress, I did not seek to have this bill presented. I have it with me, and if you care to have me leave it with you, I will do so. It may be of interest merely to present one of many suggestions of relief.

Feeling, however, that a large number of our citizens and many members of Congress do not like the method of direct subsidy, I would recommend a mail payment to all steamers sailing in a regular and efficient line to any foreign port from any port of the United States; this payment to be based upon so much per mile on the gross registered tonnage of each ship sailing between the ports. In consideration of this payment, each ship shall be obliged to carry the mails under the same conditions as attach to the present mail payments, except that the graduated payments shall start from a somewhat lower rate of speed. The advantage of this method of aid is that lines of steamers would be started to all important or growing ports in South America, Asia, Africa, etc., and undoubtedly the commerce of the country would follow its flag.

#### VALUE OF REGULAR LINES.

The success of late of the trend of England, Germany, Japan and other countries to increase their commerce and merchant marine, lies in the establishing of regular steamship lines to all practicable trading ports. Thereby these nations have increased and built up a market for their home commodities to such an extent that in due course of time the lines have become self-sustaining and profitable. This running of regular lines to all important ports has made the so-called

tramp ship depend largely upon the coarse freights bound to the less important places, or upon temporary openings wherever the regular lines can not take care of the amount of freight offering. By this method of regular lines, the important foreign countries are not only holding the foreign market for their goods, but are increasing it.

To instance what I mean by commerce following the flag, citizens of the country under whose flag these steamers run start commercial houses in ports where these regular lines stop. To-day it is almost impossible to find in any foreign port from the Mediterranean to all ports of the Far East, an American firm doing a general mercantile business and commonly known as merchants. This is a known fact. In starting my line to the Far East, I was obliged to use English firms as agents in the Orient and also at Manila, notwithstanding that this is now one of our possessions. There is not to-day in Manila an American house doing a general mercantile business, as is generally understood by the broad application of the word. I hope soon, however, to remedy this difficulty in my case, as far as Manila is concerned, if I decide to continue running steamers in this business. I state these facts to emphasize the importance of building up our merchant marine and increasing the exports and commerce of our country. This will be done almost entirely by having regular lines under the American flag.

#### DECLINE OF THE "TRAMP."

The trade between China and Great Britain is now entirely cared for by regular liners. No tramp steamer has loaded from the ports of Japan and China to the United Kingdom for a period of about nine years. The same applies almost entirely to the trade between Great Britain and India, India and Great Britain; also Japan, China, and Germany, which is cared for exclusively by steamers of the regular lines. Those districts where the trade is dependent upon crops are still fed by tramp tonnage, as, for instance, between the Pacific Coast and Continent; rice from Burma to the Continent and Great Britain; seeds from the River Plate to Great Britain and the Continent, and, to a certain extent, the wool trade existing between South Australia and Great Britain. It will be found that in all parts of the world where imports and exports consist to a great extent of manufactured articles, including flour, lumber, and kerosene, these trades are cared for almost exclusively by steamers of regular lines.

It is absolutely essential that a merchant should be in a position to make a forward contract for the supply of goods to distant ports, and this can only be done when he deals with representatives of regular liners, which vessels have got to sail full or not full, whilst the tramp steamer waits until she gets her full complement. It has been frequently remarked that a tramp steamer can afford to carry freight on lower terms than vessels of a regular line, but in actual practice it has been proved that this is not the case, for as a rule it will be found that the regular liners load on equal freight terms to those accepted by tramps. In fact, at the present time there is but a narrow margin between the freights accepted by sailing vessels and regular line steamers. To establish a regular line and dispatch vessels full or not full on guaranteed dates necessarily places such vessels at a disadvantage to the tramp steamer, which can afford to wait her time to load, and it is to meet the expenditure thus incurred that assistance is sought. ...

## HIGH SPEED NOT NEEDED.

It will not be necessary, and I do not think it is practicable, to run high-speed steamers to the distant ports of South America, Africa, and the Orient. If they were of a high rate of speed, as are some of our trans-Atlantic liners, it would require a large part of their outward capacity to carry their bunker coal. Also, there would not be enough passenger business for these ships—certainly not for a number of years at least—to offset the increased cost of their operation.

Therefore you will see that for the Government to make it practicable for shipowners to build and operate steamers of this character, a very large assistance would be required, and I do not think it is feasible for the present, either for the carrying of the mails or for increasing commerce, to have extremely fast steamers in any but the North Atlantic European trade.

You are probably aware that there has been a great change even in the Atlantic Ocean in the character and speed of many of the lately built ships running between here and Europe. The 21 or 22 knot ships, such as the American liners and the present fast Cunarders, and others, carry comparatively little freight; in fact, it is virtually nothing but perishable goods and express freight, in some cases not over 1,200 to 2,500 tons. The rest of the room is required for passengers and for the bunker coal. The recent developments have been very much larger steamers, with great freight capacity and increased passenger accommodations of a considerably lower speed, and these ships are the most profitable to operate. A large number of travelers have come to the conclusion that it is better to go on one of these large comfortable ships than on the smaller fast ones.

However, in the graded rate of payments you could arrange for increased amounts on increased rate of speed, which, if sufficient, would lead to building and sailing under our flag ships that could be profitably used for routes where it is necessary to have high-speed vessels.

For the indirect commerce, such as tramp steamers and sailing vessels, I would recommend the method of differential duties, or an export bounty, or something of that character, which so many people advise as a good method of building up the merchant marine.

## RELATIVE COST OF BUILDING.

As to the relative cost of building in this country and Great Britain, I would say that May 14 I had sent to a most reliable firm in London a cablegram, copy of which I will read. I can not very well use names here, but I can assure you that the builders are among the very highest standard of builders in England. The gentlemen did not know to what use I would put this information, and therefore it would not be right for me to use their names. I sent this cable:

"Ascertain from ——— or equally good builder lowest cost build steamship 7,000 tons dead weight, capacity 24-foot draft, 10½ knots trial trip speed, general freighter, Class A1 Lloyds. Report by cable quickly, naming builder."

On May 16 the following in reply was received: "——— can not quote exact price without full specifications, but this vessel, equal to White Star cargo boats, would cost about £50,000. Could

give early building slip and good delivery. We are in communication with other builders, but doubt getting anything more definite without specifications."

Two or three days later I received the following: "Subject, specifications ——— price about £45,000, delivery eight months from order and approval plans."

These quotations of cost in Great Britain are from the most reliable shipbuilders. Taking the cost of the freight steamer built for the companies I represent in American shipyards two or three years since—the cost of building in this country is no less now—the above prices show a cost of about 50 per cent more in this country for the same type of ship, but as shipbuilding in Great Britain is at a low ebb at present, I give as my opinion that the average difference of cost is not over from 33½ to 35 per cent greater in some types of ships and less in others. I think if you give our shipbuilders an opportunity to build different types of ships in larger numbers, that in course of a few years this difference of cost will be reduced. There is as much ingenuity and skill in our shipyards as in our locomotive shops, or will be, and we know that American locomotives are being built for foreign railroads.

#### IMPORTANCE OF FIXED CONTRACTS.

There is another matter which I feel is of great importance in connection with any method that may be considered, viz, that the Government should have the authority to make contracts, under proper restrictions, for a term of years with shipowners who propose to avail of the law. The reason for this is that to build and equip steamships of large size and speed requires a large expenditure of money. No one or two individuals will assume this large cost. Therefore it will have to be done by corporations of many stockholders. In order to interest them or have them take this kind of an investment there must be some kind of guaranty that the Government assistance will continue long enough for them to derive a benefit from it.

The advantage of a direct subsidy or a mail payment beyond what is suggested by other methods is that this is simple and can be clearly understood by shipowners and the Government as to the amount of revenue that can be relied upon by the former and the actual cost to the latter. The assistance must be great enough to invite capital to enter into this line of investment, probably greater than some years ago, because as every year goes by there is a smaller nucleus to build on and capital has shifted into other channels.

With the above recommendations considered in any manner you may feel warranted to report to Congress, if it becomes a law, I do not hesitate from my experience to predict that capital will be forthcoming, and the United States will build up a merchant marine in the course of a few years that will be of great advantage to every industry in our country and a pride to every patriotic citizen.

While I am ready to predict as above, if these conditions are carried out, I am fully as ready to predict that if the Government does not give efficient, clear-cut assistance, the present insignificant tonnage employed in foreign trade will surely disappear, either by withdrawal or by being operated under a foreign flag.



As to what it would cost the Government to give this assistance, I think it will seem small compared with expenditures on the Panama Canal, harbor and river improvements, and irrigation; also small compared to the benefits derived therefrom.

## AMERICAN AND FOREIGN SHIP WAGES.

I should like to add to my statement as illustrating the difference between American and foreign rates of wages and maintenance on shipboard these crew lists with wages of various steamships in the foreign trade—American as compared with foreign vessels.

These crew lists were obtained from the masters of vessels while they were in port. They show actual examples and not mere conjectures or estimates. They prove that after you have got your ship it costs much more to run it under the American flag and according to our American standards of comfort.

The CHAIRMAN. I understand the tables give the relative wages that are paid on American and foreign ships?

Mr. WINSOR. Yes, sir; I name the ships. The German ship was in this port, and the captain gave us the list, and it is a correct one. I give the figures of a German and a Norwegian vessel, and then for comparison I take one of my ships of virtually the same size and show what I actually pay.

*Comparison of American and British steamship wages.*

	American S. S. Pleiades.		British S. S. Lady Joicey.		British S. S. Masconomo.	
	No.	Wages.	No.	Wages.	No.	Wages.
Master .....	1	\$200	1	\$145.80	1	\$121.50
First mate .....	1	70	1	51.03	1	48.60
Second mate .....	1	35	1	36.45	1	34.02
Third mate .....			1	29.16	1	25.51
Carpenter .....			1	31.59	1	31.59
Boatswain .....			1	26.73	1	25.51
Steward .....	1	55	1	31.59	1	31.59
Engineer steward .....					1	12.15
Cook .....	1	40	1	26.73		26.73
Mess-room boy .....	1	20	1	14.58	1	4.86
Lamp trimmer .....	1	20				
Able seaman .....	8	240	7	144.55	8	174.96
Ordinary seaman .....			1	12.15		
First engineer .....	1	100	1	82.62	1	80.19
Second engineer .....	1	65	1	58.32	1	58.32
Third engineer .....	1	50	1	38.88	1	38.88
Fourth engineer .....			1	29.16	1	34.02
Donkeyman .....			1	26.73		
Fireman .....	6	240	8	174.96	8	184.68
Oilers .....	2	80			2	46.17
Month .....	26	1,215	30	961.03	32	979.28
Year .....		14,580		11,532.36		11,751.36

## NORWEGIAN S. S. "OLAFF KYRIE."

[4,800 tons D. W. cargo capacity; total crew, 26 men; at Boston, May 14, 1904.]

*Wages paid per month.*

Captain .....	\$110
First mate .....	35
Second mate .....	27
Third mate .....	22
Chief engineer .....	65
Second engineer .....	38

Third engineer.....	\$25
Donkeyman.....	20
Cook.....	27
Steward.....	37
Mess boy.....	8
Carpenter.....	25
Boatswain.....	25
6 sailors.....	each.. 20
6 firemen.....	do... 20
Boy.....	8
Total.....	712

Speed of ship loaded, 9 knots; consumption of coal, 18 tons per day; cost of provisions for crew, 29 to 30 cents per day.—As per master's statement to T. I. Winsor, manager B. T. B. Co., May 14, 1904.

*Comparison of American and German wages on 8,000 ton freight steamers.*

	American.			German S. S. Arcadia Hamburg-American line.		
	No.	Pay per month.	Total.	No.	Pay per month.	Total.
Captain.....						
First mate.....	1	\$85.00	\$85.00	1	\$75.00	\$75.00
Second mate.....	1	45.00	45.00	1	38.00	38.00
Third mate.....	1	35.00	35.00	1	30.00	30.00
Quartermasters.....	2	30.00	60.00	2	16.00	32.00
Boatswain.....	1	30.00	30.00	1	18.00	18.00
Carpenter.....	1	30.00	30.00	1	18.00	18.00
Seamen.....	6	25.00	150.00	8	15.00	120.00
Stewards.....	1	55.00	55.00	3	8-18.00	38.00
Cooks.....	2	40.00	80.00	2	18-25.00	43.00
Boys.....	2	20.00	40.00	1	4.00	4.00
Chief engineer.....	1	125.00	125.00	1	75.00	75.00
First assistant.....	1	80.00	80.00	1	60.00	60.00
Second assistant.....	1	65.00	65.00	1	40.00	40.00
Third assistant.....	1	50.00	50.00	1	20.00	20.00
Oilers.....	3	40.00	120.00	3	18.00	54.00
Firemen.....	6	40.00	240.00	7	16.00	112.00
Trimmers.....	6	25.00	150.00	7	15.00	105.00
Storekeeper.....				2	20.00	40.00
Total.....	37		1,440.00	44		922.00
Per year.....	37		17,100.00	44		11,064.00

Which equals about 54 per cent more.

Mr. WINSOR. If you wish it, I will leave with you the bill to which I have referred. It will give you an idea of what I think is necessary.

The CHAIRMAN. We shall be glad to receive it.

The bill referred to is as follows:

A BILL To provide ships and seamen to aid in the common defense; to promote commerce, and to encourage the deep-sea fisheries.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled: That on and after sixty days from the passage of this act there shall be paid out of moneys in the Treasury of the United States not otherwise appropriated to the owner or owners of any sail or steam vessel hereafter built and registered in the United States, or now duly registered, by a citizen or citizens of the United States (including as such citizens any corporation created under the laws of the United States or any of the States thereof) the sum of one and one-half cents for each gross registered ton for each hundred nautical miles sailed in the foreign trade of the United States, including the trade with the Philippine Islands (so long as foreign vessels may engage in that trade).*

SEC. 2. That, subject to the approval of the Postmaster-General and the Secretary of Commerce and Labor, regular lines of American steamships running to ports of South America, Asia, Africa, or Australia shall receive 25 per centum in addition to the compensation above provided, and in return for this additional compensation shall convey the United States mails free of further charge. Upon vessels of said regular lines receiving this additional compensation, the United States shall be entitled to have transported free of charge a mail messenger whose duty it shall be to receive, sort, take in charge and deliver the mails to and from the United States, and who shall be provided with subsistence and suitable room for the accommodation of himself and the mails.

SEC. 3. The compensation described in section one and two shall be payable on each entry of a duly qualified vessel, not exceeding sixteen entries in any one fiscal year. But no compensation shall in any case be paid to (a) a vessel of a classification below A1 (or A1½), as classified either by the Record of American and Foreign Shipping, or the United States Standard Owners, Builders, and Underwriters Association, or an equivalent classification in any other register of shipping of at least equal merit, or (b) a vessel on a voyage extending only to a foreign port less than one hundred and fifty miles from her last port of departure in the United States, or from a foreign port less than one hundred and fifty miles from her first port of arrival in the United States, or (c) a vessel less than one-fourth of whose crew shall be citizens of the United States, or persons who after declaring their intention to become citizens have served three years on board of merchant vessels of the United States, as described in section twenty-one hundred and seventy-four of the Revised Statutes, or (d) a barge, canal boat, or vessel proceeding from port to port in tow, or tugboat, or vessel engaged in wrecking, or (e) a foreign-built vessel hereafter admitted to American registry, or (f) a vessel while employed in the coasting trade, or (g) a steamer which during its trial has not obtained a speed of eight knots, half loaded.

SEC. 4. That no vessel shall receive any compensation for a voyage under this act when, if required to do so by the Secretary of Commerce and Labor, it fails to carry as a member of the ship's company one American boy under twenty-one years of age suitable for such employment, and one such boy in addition for each one thousand gross registered tons, who shall be taught in the duties of seamanship or engineering or other maritime knowledge, as the case may be, and receive such pay as shall be reasonable.

SEC. 5. That no steam vessel hereafter constructed and registered shall receive any compensation under this act unless it fulfills reasonable requirements, to be prescribed by the Secretary of the Navy, with a view to service as an auxiliary cruiser or transport or supply ship or collier in case of war.

SEC. 6. That no vessel shall receive compensation heretofore provided unless its owners shall agree in writing beforehand that said vessel may be taken or employed and used by the United States for the national defense or for any public purpose at any time; and in every such case the owner of any such vessel so taken or employed shall be paid the fair value thereof, if taken, at the time of the taking; and if employed, shall be paid the fair value of such use. And if there shall be a disagreement as to such fair value, the question of the valuation

shall be submitted to and determined by three impartial appraisers, one to be appointed by the Secretary of Commerce and Labor, one by the owner or owners of the vessel, and the two appraisers so appointed shall, before they proceed to act, select a third appraiser. The decision of a majority of such board shall be final and effective. In case of any taking or employment, as provided in this section, the shipping obligations of the officers and crews existing at the time shall be deemed to have terminated.

SEC. 7. That no vessel which has at any time received compensation heretofore provided shall be sold, except by the consent of the Secretary of Commerce and Labor, to a citizen or subject of a foreign power, under penalty of forfeiture.

SEC. 8. That the mileage on which compensation heretofore provided is paid shall be computed by the direct customary route from the last port of departure in the United States to a foreign port or a port of the Philippine Islands, and from such last-mentioned port by the direct customary route to the first port of arrival in the United States. If during the voyage the vessel shall enter at two or more foreign ports, the distance by the direct customary route between such ports shall also be included in the mileage.

SEC. 9. That on and after sixty days from the passage of this act, the Secretary of the Treasury is hereby authorized and directed to pay, out of any moneys in the Treasury not otherwise appropriated, bounties as follows: (a) To the owner or owners of a documented vessel of the United States engaged in the deep-sea fisheries for at least three months in any one fiscal year, two dollars per gross ton per annum: *Provided*, That at least one-third of the crew shall be citizens of the United States or such persons as shall be within the provisions of section twenty-one hundred and seventy-four of the Revised Statutes. (b) To a citizen of the United States serving as a member of a necessary and proper crew of a vessel of the United States documented and engaged in deep-sea fisheries for at least three months during any one fiscal year, one dollar per month during the time necessarily employed in the voyages of such vessel.

SEC. 10. That the President of the United States shall from time to time cause to be made, by the proper heads of Departments, regulations for the due execution of the provisions of this act.

#### COMPETING WITH FOREIGN SUBSIDIES.

The CHAIRMAN. Are you in receipt of any so-called subvention under the act of 1891—the postal subvention law?

Mr. WINSOR. None whatever.

The CHAIRMAN. Do you run in competition with subsidized ships on the Pacific?

Mr. WINSOR. Very much so. I found when I arrived at Puget Sound that the Japanese line, which runs from Seattle to Japan, had a subsidy of \$325,000; that is, for that branch of their merchant marine. Then there is the Empress Line, a little north of there, starting from Vancouver, virtually the same place, which is the Canadian-Pacific Railway line. It is called the Empress Line and it gets \$300,000 from the British and Canadian governments.

The CHAIRMAN. Are those mail subventions or direct subsidies?

Mr. WINSOR. I could not tell you exactly what form they take, but

I believe they are direct subsidies. However, I would not undertake to say. They get that amount of money, I am sure. I think there are others here who could tell you just how the payment is made.

The CHAIRMAN. Let me ask you a question. Would a moderate mail compensation, perhaps placing you on a par with those steamships in the matter of assistance, make your own line secure and perhaps eventually enable you to increase American steamship facilities for reaching the markets of the Orient?

Mr. WINSOR. Yes, sir. I should say that in any proposition I would draw up I do not think I would ask our Government to give as much as either of those Governments gives. I think we can struggle along with something less than that. We would build after awhile a merchant marine, I hope.

We should increase the amount of freight. We already this year, I think, owing partly to the anticipation of war, have carried about fifty thousand tons of flour to the Orient; to be exact, 48,100 tons within the year. There is a large quantity of flour being shipped to the Orient. It is increasing. Also from the West, lumber, other products and manufactures are, or were before the war between Japan and Russia, expected in increasing quantities.

#### NO FAITH IN FREE SHIPS.

The CHAIRMAN. Some very good people have made earnest pleas before this Commission in favor of free ships as a solution of this problem. I wish to ask you as a practical shipowner whether, if you were permitted by our laws to buy or build your ships abroad and put them under our flag, and employ them exclusively in the foreign trade and not in coastwise commerce, you would do so?

Mr. WINSOR. Certainly not. In the first place, you will see by the paper which I have presented that it costs between 50 and 60 per cent more to victual and man our ships than it does foreign ships.

The CHAIRMAN. So, if you were permitted to go into the market and buy your ships abroad without restriction, the increased cost of running them would absolutely prohibit you from competing with foreign lines?

Mr. WINSOR. Most decidedly.

The CHAIRMAN. And meeting the subsidies, of course.

Mr. WINSOR. We should have to repair those ships here, as we do now, and you must remember that all repairs on American ships, at the high cost here of labor and material and such things, cost very much more here than in England. The foreign ship does just as little as possible here. She waits until she gets home, if it can be delayed, until almost ready to break down, and then heading home and spending a good deal of money. But we would have to do our repairing here under the American flag.

It is not a question of buying foreign ships which is facing some of us. It is a question whether, if nothing comes, we will not have to put our ships under a foreign flag. That is the practical question which, if things go on, we will have to meet. You can not run ships at a loss for any great length of time. All trade is close, and you see where we are when we go into the markets against subsidized ships or ships that are built so cheaply and repaired so cheaply.

## WOULD HAVE AMERICAN CREWS.

The CHAIRMAN. Some gentlemen have argued that not only should they be permitted to buy free ships, but likewise there should be a repeal of our navigation laws so as to enable the owner to man the ships with foreign officers and cheap crews, and that he should be permitted to furnish such food as he chose. What would you say to that proposition?

Mr. WINSOR. As soon as you get those men under the American flag they would demand what our men get as wages. You will find percolating through all our ships foreigners the same as you find them on land. Those who can pass examination for officers get out their naturalization papers. After a while they come up for a license.

The CHAIRMAN. Then I infer that you have little faith in the so-called free-ship policy?

Mr. WINSOR. I have none whatever. In fact, my experience shows it would do no good.

The CHAIRMAN. Let me ask you as to the relative cost of building ships. Suppose a policy were adopted by the Government of the United States which would enable American builders to build a line of steamships of the same type, so that the business might be standardized. They would then, I judge, come very much nearer meeting the cost of foreign builders than they do at the present time.

Mr. WINSOR. Do you mean if the Government gave some assistance to the shipbuilders?

The CHAIRMAN. In some form.

Mr. WINSOR. That would help the shipbuilders, and if there was competition it might help the shipowners, but if you give it to the shipbuilders, and they can, they will put it in their own pockets naturally. Anyone would. Do you see what I mean?

The CHAIRMAN. I do not quite understand it.

Mr. WINSOR. If you give the bounty to the shipbuilders, if they have to they will give it to the man who has the ship built, but if they do not have to they will make him pay just as much as they can make him pay.

Another way of putting it is that the bounty would go into their pockets unless there was competition enough to cause them to surrender it to the shipowner.

## VALUE OF STANDARDIZING.

The CHAIRMAN. My question perhaps did not clearly express what I meant to say, which is this: If from any policy that might be adopted by the Government, shipbuilders were enabled to go into the business and build a line of ships of the same quality and size—

Mr. WINSOR. I see.

The CHAIRMAN. So that they could standardize their work, would it not enable them under those circumstances to come nearer competing with foreign shipbuilders?

Mr. WINSOR. Most certainly. Give them time. Let them build enough ships. In Great Britain a yard runs on a certain class of vessels—say a regular tramp freight ship—and it puts them out, as the expression is, almost by the yard. It is like anything else done in a wholesale way. If our yards get into the way of building a certain

thing, unquestionably they will be able to build cheaper. The trouble is they have not enough business. I do not think a new contract has been let for a year for a deep-water vessel to be built in the yards of this country. I think not. When you go occasionally and ask the shipyards to build a ship, they have to have new molds, new plans, etc. They will often build the second ship somewhat cheaper than the first.

I thank you, gentlemen.

# THE WINSOR ORIENTAL LINE.

Senator MALLORY. I should like to ask you a question or two. How long has the Boston Steamship Company been engaged in trade on the Pacific?

Mr. WINSOR. I think about a year; a little over a year and a half.

Senator MALLORY. How many vessels have you in that business?

Mr. WINSOR. I have two large ships of 12,000 tons dead-weight capacity each and three smaller ships of, roughly, 5,400 tons dead-weight capacity each.

Senator MALLORY. Five vessels in all?

Mr. WINSOR. Five.

Senator MALLORY. Have you a regular route?

Mr. WINSOR. Yes, sir.

Senator MALLORY. What are the points?

Mr. WINSOR. The two large and one of the small boats start from Puget Sound and go to Yokohama, Moji, sometimes Kobe, and occasionally to Shanghai, but not often, because we transship there; then on to Hongkong, and then to Manila and back again. The smaller ships, until the late war, ran up to North China, up to Siberia to Vladivostok, and did touch at Port Arthur. You know one of my ships was caught there when the war broke out. She got away finally by making a trade with the Russian commander by which the captain agreed to take out 200 Chinese women and men, and the commander let her out.

Senator MALLORY. All those ships were built in the United States?

Mr. WINSOR. All those ships were built in the United States.

Senator MALLORY. And they are all under the American flag?

Mr. WINSOR. Yes, sir.

Senator MALLORY. Have you any Chinese crews among them at all?

Mr. WINSOR. Yes, sir.

Senator MALLORY. What proportion of your crew are Chinese?

Mr. WINSOR. I looked that up. I thought you might ask about it. Taking a large ship, with a full crew, for Europeans it would be \$85 a day. With Chinamen it is \$65 a day. There is that difference—about \$20 or \$25 a day.

Senator MALLORY. I am speaking of the number of men. Could you give me an idea as to the difference in the number of men?

Mr. WINSOR. My port captain, Captain Lewis, is here, and if you want anything in that line I think you will find him an intelligent witness. He could answer those questions.

Senator MALLORY. Could you say as to the difference in the wages you pay the Chinese and the Caucasian sailor.

Mr. WINSOR. No, sir; I could not. I can only tell you in a rough way that it makes a difference of \$20 per day on our large ships. We could not do business to-day unless we carried part Chinese crews.

The Japanese and all the steamships running there have such crews. All the foreign ships running to San Francisco carry them. I tried the other way for a voyage, and I had to come to this.

Senator MALLORY. You have paid probably from 30 to 50 per cent more in the first cost of your ships, and you are running them at a considerable advance over what it costs to run any of the foreign vessels?

Mr. WINSOR. Yes, sir.

Senator MALLORY. And yet I gather from what you say that you are not losing money?

Mr. WINSOR. We are losing money.

Senator MALLORY. You are?

#### LOSING MONEY NOW.

Mr. WINSOR. We lost a good deal of money to start the line. Since the war broke out Japan withdrew her steamships for transports, as you know, and that was quite a factor in our favor. Hence we have been able to get more freight, and recently the large ships have done better. Japan has cleared the seas, probably, from all fear of Russian men-of-war. I think she has again started her line to Seattle. The withdrawal of the Japanese vessels, due to the war, took out quite a percentage of the tonnage.

Senator MALLORY. Then recently you have been running under more favorable conditions than you did before the Japanese withdrew their ships?

Mr. WINSOR. Yes. My smaller ships are not making money. They have lost money right along. That is a case of the closing of ports.

Senator MALLORY. As an experienced steamship man, I should like to know from you whether in your opinion, in the event Congress takes no action to benefit the merchant marine of the United States by aid of some kind, any line on the Pacific—not speaking with reference to your own—can be made profitable?

Mr. WINSOR. No, sir.

Senator MALLORY. Is there a United States mail line between the Pacific coast and Manila at this time?

Mr. WINSOR. No; none that is subsidized.

Senator MALLORY. I mean subsidized.

Mr. WINSOR. None at all, and I think none from San Francisco. The Pacific Mail surrendered their contract some time since. I think they started in and found it cost too much to run the vessels according to the requirements of the law.

We get a payment per pound for carrying the mail the same as foreigners do. It does not amount to a great deal. It may be something like \$5,000 or \$6,000 a year.

Senator MALLORY. That is all, I believe.

Representative HUMPHREY. I should like to ask you a question. What effect, if any, will the law recently passed by Congress, requiring army and navy supplies to be carried in American bottoms, have upon your trade?

Mr. WINSOR. It will assist us somewhat.

Representative HUMPHREY. It will help you some?



Mr. WINSOR. Yes, sir; but the Government is running transports there. They run a transport into Puget Sound, and I know it costs the Government twice as much as they paid my company on last year's contract. I had the contract last year with the Government to carry its supplies, and in competition with foreigners I made the price \$4.25 per ton to Manila, and, as you know, it is something like 6,500 miles. Six thousand five hundred miles I carried Government goods for this prices, because if I did not get the contract I could not run the ships to Manila; and as it is, it does not make much showing.

#### STATEMENT OF FRANCIS H. PEABODY.

Francis H. Peabody appeared before the Commission.

The CHAIRMAN. You are a member of the firm of Kidder, Peabody & Company, well-known bankers?

Mr. PEABODY. Yes, sir.

Mr. PEABODY. Mr. Chairman and gentlemen, I have only one word to say. If the Government would give suitable encouragement I have no doubt there is plenty of capital in Boston willing to go into the establishment of lines of steamers to run to those countries with which we are desirous of encouraging trade. It has been the policy of the German Government to do so for twenty years past and the result has been very striking. That is about all I have to say.

The CHAIRMAN. Have you any money at this time to invest in the building of American steamships for the foreign trade?

Mr. PEABODY. We have considerable already invested.

The CHAIRMAN. Is there any new capital to invest in that line under the existing law?

Mr. PEABODY. Under the existing law?

The CHAIRMAN. Yes, sir.

Mr. PEABODY. No, sir.

The CHAIRMAN. But if proper encouragement was given to the building of American steamships for the foreign trade, you think capital could be found for that purpose?

Mr. PEABODY. I have no doubt of it.

The CHAIRMAN. Thank you, Mr. Peabody.

#### STATEMENT OF JAMES J. STORROW.

James J. Storrow appeared before the Commission.

The CHAIRMAN. Are you a member of the firm of Lee, Higginson & Company?

Mr. STORROW. Yes, sir.

The CHAIRMAN. This Commission is desirous of ascertaining, among other things, under what conditions American capital could be secured for the building of American steamships to engage in the foreign trade. The Commission will be pleased to hear your views.

Mr. STORROW. So far as my experience goes I think there is no antipathy whatever to that class of investment. If New England capital can be given the same return that it receives, for example, for being invested in cotton mills, it seems to me very clear that there would be very large amounts available for that purpose.

The CHAIRMAN. Under existing conditions and existing laws, Mr.

Storow, would it be possible to procure capital in Boston to aid in the construction of American ships for the foreign trade?

Mr. STORROW. I do not pretend to be a shipping expert at all, but from such investigations as I have made and occasionally make—and I believe that is the consensus of this community—I think it is impossible to invest capital advantageously in that business to-day.

Senator MALLORY. That is because it does not pay?

Mr. STORROW. Yes, sir. It would not pay in proportion to other opportunities.

#### STATEMENT OF DANIEL S. EMERY.

Daniel S. Emery appeared before the Commission.

The CHAIRMAN. Will you state to the Commission what your business is?

Mr. EMERY. I am a shipowner and ship broker.

The CHAIRMAN. Where do you sail vessels?

Mr. EMERY. To all parts of the world when we can get freights for them.

The CHAIRMAN. Are your vessels sailing vessels or steam vessels?

Mr. EMERY. Mostly sailing vessels.

The CHAIRMAN. The Commission will be pleased to hear your views on the question that is before them.

Mr. EMERY. Gentlemen, I can not say much. I think the ground has been pretty well gone over at the previous hearings, as I have read the reports of them. But we are here to ask some aid. As things are going on now there is no chance for American vessels, either sail or steam, to exist. I have been in the business of owning vessels fifty years. Forty-seven years the present firm has been in business. We have owned in about 200 vessels in that time, and at the present time we may have perhaps 30, mostly engaged in the coastwise trade. We have been driven out of every other line—that is to say, some are going on foreign voyages; but there is no money in it, not enough to pay the insurance and interest on the capital.

The CHAIRMAN. You are in the coastwise trade, I assume, for the reason that the Government protects you in that trade by excluding foreign ships?

Mr. EMERY. That is it, exactly.

The CHAIRMAN. So you can afford to run your ships in the coastwise trade?

Mr. EMERY. Yes, sir.

Within my experience, from where this building stands down to the end of the wharf, vessels have come bringing cargoes from all parts of the world, particularly the fruit business in the Mediterranean, wool, etc.

Now there is not a sailing vessel that comes here or a vessel under the American flag, hardly. There was some business left in the river Plata, but that is monopolized mostly by foreign vessels which can be sailed so much cheaper than our own that we have about given it up.

Our laws for manning our vessels are so hard as compared with foreign vessels that it costs us a great deal more, as you all know, to sail the vessels. I have men in my employ who began as boys and who have been in only two vessels. I have one man who has been in

only two vessels. He has been master for thirty years. He has grown up in the business. He was making a good living at one time. Now that man makes but very little. We can not ship crews.

LAWS FAVOR THE SAILORS.

I will make this statement: As our laws exist we have no protection in shipping crews. I hear people talk about the hardships of sailors. They never were better treated or fed than at the present time, and laws have been made for the benefit of the sailor and not the shipowner or the shipmaster. When an officer of a vessel goes to sea to-day he takes his life in his hands. These men have been handled by men on shore who put them up to all sorts of dodges, and the discipline is nearly ruined on board American vessels. It is a question now for a captain to ask a crew when they will go to sea instead of the captain ordering them to come on deck when occasion requires them. If we had laws to feed our men as the foreigners do, or even as the English, it would help us. Our scale of provisions is far in excess, and it costs more than it does to feed the men of our own Navy or the English Navy.

Representative MINOR. How about wages?

Mr. EMERY. Our wages are far ahead of them. The wages at present in the coasting vessels are \$30 per month in small vessels. When you get to the larger ones they are \$35.

Representative MINOR. We recognize that fact, of course. It has been testified to by everyone who has appeared before the Commission.

Mr. EMERY. Yes.

Representative MINOR. But how do the wages in the foreign trade compare as between vessels sailing under the English flag and those under the American flag?

Mr. EMERY. When they can ship the men away from home they are shipped at a much lower rate, but when they come here I believe they have to pay about the same wages as we do for the sailors.

Representative MINOR. Do you think the port regulates the wages rather than the flag?

Mr. EMERY. I think it does.

The CHAIRMAN. That does not apply to the officers, of course?

Mr. EMERY. Not to the officers.

AMERICAN CAPTAINS AND OFFICERS.

Representative MINOR. Your officers must be American citizens?

Mr. EMERY. They must be American citizens, and they get much better pay.

Representative MINOR. What is the difference between the pay of a captain on an American ship under the American flag and a German captain under the German flag?

Mr. EMERY. An American captain on board an American vessel, the way the vessels are sailed, would make from \$150 to \$200 per month. They sail generally on what we call wages and primage. I think if that captain sailed on a German ship he would get £15 a month.

Representative MINOR. Approximately \$75?

Mr. EMERY. Yes, sir; and we pay some of our officers \$60 to \$65 a month.

The CHAIRMAN. Do you find it difficult to procure competent officers for your vessels?

Mr. EMERY. Yes, sir; very difficult, indeed. That is another thing. They have to be licensed, and men in whom we have perfect confidence may not be fully or well enough educated to receive a license, and while they may have served us well and never have made any mistakes and never lost any vessels. they can not get a license.

The CHAIRMAN. Would an enlarged number of ships, and therefore better prospects of employment and advancement, tend to induce the young men of the New England coast to engage in the seafaring business?

Mr. EMERY. Yes, sir; I think it would.

The CHAIRMAN. It would tend to induce the young men of the New England coast to return to the seafaring life?

Mr. EMERY. I think it would.

#### OPPOSED TO FREE SHIPS.

The CHAIRMAN. If you were authorized by our laws to buy ships, say in Nova Scotia or England, and operate them in foreign commerce, under the laws as they now exist, would you do so?

Mr. EMERY. No, sir. I have had that opportunity many times, and I bought once a wreck, wrecked in American waters, and put her under the American flag, and one vessel we took for debt. I was sorry for it forever afterwards.

The CHAIRMAN. Do you think free ships would tend to solve this problem?

Mr. EMERY. Not at all. If we had free ships there would probably be a move to put them in the coasting trade, and that would ruin what little we have.

The CHAIRMAN. And absolutely destroy every shipbuilding plant in the United States?

Mr. EMERY. That is my idea.

Senator MALLORY. I understood you to say that some of the American captains are paid \$200 a month?

Mr. EMERY. Yes, sir.

Senator MALLORY. Referring to sailing vessels?

Mr. EMERY. Yes, sir; and some of them make more than that on some of our large coasting vessels.

Representative MINO. Speaking about the wages of these captains, you seem to put the answer on the ground that they "make" more. Is it in monthly pay?

Mr. EMERY. Yes, sir. The men have from \$40 to \$50 per month and 5 per cent on the gross earnings of the vessel, as a rule. The better the vessel does the better the captain does.

Representative MINOR. Certainly.

#### THE LAWS FOR SEAMEN.

Mr. EMERY. Speaking of the law for seamen, as the thing is situated now, if we have vessels going to a southern port, although a man has shipped regularly to make the trip, when he gets down there if he

wants to leave he does so. We can not hold him. The men can hold the ship to do anything, but we can not hold the crew. It has been changed from year to year, and it has been made worse for the shipowner every time.

Senator MALLORY. What modification of that law would you suggest?

Mr. EMERY. I would repeal every law we have and get up some law, after consulting with people who understand about it, which would be just to the shipowner and just to the sailor. I think the British law is far ahead of ours.

Senator MALLORY. Do you think the point you just called attention to is a serious matter—that a man, after signing the articles, can quit the ship before she leaves, and you can not compel him to stay aboard?

Mr. EMERY. Yes, sir; very serious.

Senator MALLORY. How would it do to reestablish the old rule authorizing his arrest and imprisonment until he consents to go?

Mr. EMERY. It would be the best thing that could be done.

I have a case in mind of a ship we had down in Mississippi this summer. The crew was shipped to go from New York to a Gulf port and from there to Africa. When we got to the Gulf port the men left. Other men ashore said, "We can get you a chance somewhere else." They were men who held influence over them. The men were taken out of the ship. When we were ready to go the vessel was detained over a month getting a crew. These men left. We could not hold them. We sent all over the Southern States, we sent to New Orleans, and we got some men even from Boston to go down there.

The CHAIRMAN. Had they signed a contract to go?

Mr. EMERY. Yes, sir; but we could not hold them to the contract.

Senator MALLORY. The sailors, on the other hand, say that when they come to a port and the captain finds he has to stay there some time for cargo, meanwhile paying them big wages, he makes it so disagreeable for the men that they go away.

Mr. EMERY. They can say so, but it is not to a man's interest to get rid of a crew and then pay double wages to get another one. There is a good deal of this talk that is not according to the book.

Senator MALLORY. We have had that testimony before the Commission.

Mr. EMERY. I do not doubt it. This vessel of which I speak was over a month getting a crew. The charterer of the vessel was in trouble. He had a contract with a foreign government for his cargo. He was after us every minute. All we could do was to wait. In order to get a crew of 12 men I think they shipped about 31 men before they got enough. They met with an accident and went into Key West, and found someone there who wanted to put them in jail, but the voyage was made without further trouble.

Here is a trade right at our door—the Cuban business. It used to be a large, profitable business for Portland and Boston—large cargoes out and cargoes back. Now, there is not an American vessel, except, perhaps a half dozen last year, that are loaded in Cuba. We can not disguise the fact that steam vessels have taken the place of sail vessels, but even in steam vessels nobody but the ones who have mail contracts can bring that sugar. It is all done by foreign vessels.

Gentlemen, I am very much obliged to you.

**STATEMENT OF GORDON ABBOTT.**

Gordon Abbott appeared before the Commission.

The CHAIRMAN. Kindly state to the Commission in what line of business you are engaged.

Mr. ABBOTT. I am president of the Old Colony Trust Company.

The CHAIRMAN. Your company, I suppose, is in the habit of investing money where it can see a profit?

Mr. ABBOTT. Always.

The CHAIRMAN. Did you hear the statements of Mr. Peabody and Mr. Storow?

Mr. ABBOTT. No, sir; I am sorry to say I just arrived.

The CHAIRMAN. Mr. Abbott, the Commission would be glad to have an expression of opinion from you as to whether or not, under the existing conditions of the merchant marine engaged in the foreign trade and the existing laws, parties contemplating the building of American ships for the foreign trade would be apt to find ready capital for that purpose?

Mr. ABBOTT. I should say it would be very difficult under existing conditions and existing laws.

The CHAIRMAN. If conditions changed so that it looked like profitable business, I suppose there would be no more difficulty in getting capital for that business than for any other?

Mr. ABBOTT. I think it would be relatively fully as easy. Always, until within a few years, a very large number of people in New England have been interested in shipping. I think the traditions still exist here. But I think the New Englander is anxious to see where he is going to get a dollar back for the one he puts in, and I think it will require some change in existing conditions to make our people willing to invest largely.

Senator LODGE. You have some knowledge about the shipbuilding industry, and what you say applies to it in the same way?

Mr. ABBOTT. Decidedly. In my experience with shipbuilding, there is almost no deep-sea tonnage being built at the present time. The work is principally for coasting or for the Government.

**STATEMENT OF ALBERT CLARKE.**

Col. Albert Clarke appeared before the Commission.

The CHAIRMAN. I believe you are secretary of the Home Market Club?

Mr. CLARKE. Yes, sir.

The CHAIRMAN. You are acquainted, I presume, with the duties of the Commission, in pursuit of which they are in Boston to-day.

Mr. CLARKE. Yes.

The CHAIRMAN. The Commission will be pleased to hear from you any views you may have on the subject.

Mr. CLARKE. I believe I am expected to present the views of others rather than my own.

The Home Market Club is composed very largely of manufacturers, chiefly in New England, and there are very few of its members interested directly in the shipping question, but all feel interested indirectly, in the matter of seeking foreign markets for their products.

At a meeting of the officers of the Home Market Club, one year ago this month, all the New England States being represented, the following preamble and resolution were adopted:

"Whereas shipping in the foreign trade is the one American industry which is not protected, and as attempts to enact a subsidy law have thus far failed, and are opposed by many of the most enlightened protectionists in and out of Congress:

"*Resolved*, That it may be well to consider some other method, and we see no good reason why shipping should not be protected by duties, like agriculture, manufactures, and mining."

It occurred to us a little later to make a canvass of public opinion throughout the country, chiefly of people not directly interested in shipping, and we prepared a circular and sent it to about 3,500 presidents of banks, presidents of colleges, and leading manufacturers for the purpose of making a test of the sentiment of presumably enlightened and influential men, mainly outside of the shipping interest. Three questions were submitted:

(1) Should there be a revival of discriminating duties and other regulations of commerce?

(2) Should subsidies be paid? and

(3) Should foreigners be allowed to continue to appropriate our foreign-carrying trade?

#### DISCRIMINATING DUTIES PREFERRED.

Only 703 replies were received, but they came from all parts of the country. Four hundred and fifty-six favored duties and regulations; 132 favored subsidies; 86 favored both; 29 were opposed to either, and this proportion ran very evenly through the different sections of the country.

In New England 256 favored duties and regulations; 62 subsidies; 55 both; 6 neither.

In the Middle States 73 favored duties and regulations; 30 subsidies; 8 both; 7 neither.

In the South 63 favored duties and regulations; 19 subsidies; 15 both; 9 neither.

In the West 53 favored duties and regulations; 13 subsidies; 6 both; 6 neither.

On the Pacific coast 11 favored duties and regulations; 8 subsidies; 2 both; 1 neither.

One hundred and thirty-three expressed opinions. I have marked 56 of them for presentation to this Commission, if they are desired. Many of them are quite brief. Some are at a little greater length. Now, it is for the Commission to decide whether or not to hear them.

The CHAIRMAN. Perhaps if you would read a limited number from each section of the country and then submit the remainder for incorporation in our report, it would be the most satisfactory way.

Mr. CLARKE. I will try to do that. First, I will read a few which were opposed to doing either.

#### OPPOSED TO EVERYTHING.

Mr. Arthur T. Lyman, of Boston, a very prominent citizen, president of several large cotton-manufacturing companies, said he was

decidedly opposed to subsidies, considering them "the most corrupting form of protectionism. \* \* \* Freedom from restraint on the part of Government is the chief thing to be secured. Then we could have the ships, etc., if it paid; if it did not, we have plenty to do that will pay, and may as well let other people do our carrying for less cost."

The CHAIRMAN. Mr. Lyman, I believe, represents a highly protected industry?

Mr. CLARKE. Yes; I think all the manufacturing industries with which he is connected are protected.

Mr. James S. Murdoch of Charleston said: "We should be allowed to buy ships in the cheapest market and import all materials free of duty."

The Beckman Company, of Cleveland, Ohio said: "Let the fool tariff laws against foreign shipbuilding materials be taken off, and allow Americans to buy ships wherever they can buy them cheapest, and give such ships an American registry. Ship subsidy is only a graft for already over-rich monopolies."

Senator LODGE. The tariff laws admit free all shipbuilding materials, do they not?

Mr. CLARKE. They do; but he did not know that.

Senator LODGE. He called them "fool laws." That is what struck me.

Mr. CLARKE. Mr. L. D. Hines, president, Tupelo Cotton Mills, Tupelo, Miss., said: "If we can not do the work as cheaply as our neighbors, let them have it."

Mr. John Poncet, president, Balas Frères, Limited, Hoboken, N. J., a foreign shipping interest, as I understand, replied: "We answer emphatically no to your three questions. Nothing should be done, and the best ships with the cheapest freight should be allowed to continue, etc., as it may please their owners or as competitors, not chance, may determine."

Senator LODGE. They are agents of foreign ship lines?

Mr. CLARKE. That is my understanding.

Mr. J. C. Collier, of Barnesville, Ga., said: "Nothing should be done. The United States has the brains and the cash that will enable them to compete with any nation, if developed."

Mr. J. H. Miller, of Waxahatchie, Tex., said: "Let foreigners have it if they have more enterprise than we have."

Mr. T. M. Osborne, a manufacturer of harvesting machinery in Auburn, N. Y., said: "It seems to me a problem perfectly simple of solution. Take off the duties upon shipbuilding materials and let the American marine take care of itself. Commerce does not need regulating, it needs more freedom. The subsidy system is the robbing of a great many Peters to pay one Paul."

The CHAIRMAN. Another gentleman who is laboring under a hallucination.

Mr. CLARKE. Certainly; and there are others.

Mr. Horace Bumstead, Atlanta University, Atlanta, Ga., said: "Nothing should be done except to abolish all duties."

John G. Fletcher, Little Rock, Ark., said: "I am opposed to subsidies of all kinds, and especially from the Government. This country is able to stand up against the world on every part of the ground. 'Equal rights to all, special privileges to none.'"



Senator LODGE. Did he state whether he was opposed to appropriations for the Mississippi River?

The CHAIRMAN. Or the fast subsidized mail to the South?

Mr. CLARKE. I think I have read every word he wrote.

Mr. CLARKE. Mr. A. L. Lowrey, of Hillsboro, Tex., replied: "No duties except for revenue. Emphatically no subsidy. If we have not the brain, nerve, and money to compete, justice demands we let foreign nations have the business."

#### PRESIDENT ELIOT'S OPINION.

President Charles W. Eliot, of Harvard University, replied: "I am clearly of the opinion that much should be done to revive American commerce and navigation. I believe that the following measures would restore American shipping to the high seas, and cure the deplorable maritime inferiority into which the United States has fallen: (1) Give American registers to vessels owned by American merchants wherever procured. (2) Put on the free list all materials which enter into the building or equipping of merchant vessels. (3) Admit free of duty all raw materials of American manufactures, and all materials used in such manufactures which are in a comparatively crude state, such as ores, oils, hides, lumber, and wools. My belief is based on the following propositions: First, that commerce on the high seas is inevitably a matter for international competition; secondly, that American manufactures have passed the baby stage and are competent for world-wide competition; and thirdly, that the home market has been for some years past entirely insufficient to secure to American labor and American capital steady, profitable employment."

Perhaps that is all I need to read of those on that side of the question.

The CHAIRMAN. Apparently President Eliot is in favor of permitting foreign vessels to enter the coastwise trade as well as the foreign trade. Would you not judge so from his reply?

Mr. CLARKE. I think that inference is legitimate, but of course he did not say so.

#### IN FAVOR OF POSITIVE ACTION.

President L. Clark Seelye, of Smith College, Northampton, Mass., replied: "Discriminating duties and other regulations of commerce should be employed."

Theodore Harris, president of the Louisville National Banking Company, Louisville, Ky., said: "Although living in the interior, I am decidedly in favor of building up our merchant marine. I have not thought enough about it to be able to form an opinion of what would be the best means. I can see great objections to subsidy and probably objections can be found to any means that are suggested. The only thing to do in that event is to take the means that are least objectionable. It is humiliating to an American who goes abroad to see in every port he visits all flags except his own; which, measured by the importance of his country, he feels should be everywhere preeminent. If it is possible to build ships in America, which with reasonable encouragement can compete with ships of other nations, I should say by all means build them here. If that can not be, let us invite them from abroad."

Mr. R. H. Mountcastle, of Knoxville, Tenn., said: "I would be in favor of all merchandise on ships flying foreign flags brought into this country paying 5 per cent more duty than imports coming in boats flying the American flag, but would not be in favor of subsidies, as it is leaning most too much toward direct discrimination."

Curtis Guild, jr., present lieutenant-governor of the Commonwealth of Massachusetts, replied: "A subsidy system should be applied. If this is the system of bats and owls (as claimed by the New York Evening Post), it is at least the one just indorsed by England as to the Cunard Line."

Mr. Eben S. Draper, of the Draper Company, Hopedale, Mass., large manufacturers of cotton machinery, replied: "I think either the first or the second policy should be adopted, and possibly some of both."

Mr. E. W. Morris, of Hartford, Vt., said: "Yes, as to the first two. I do not approve of foreign nations carrying our goods, only as a necessity."

Mr. John F. Hyde, of Bath, Me.—I believe he is a member of a shipbuilding firm there—replied: "Discriminating duties, etc., with a subsidy to such vessels as would be suitable for the Government's use as cruisers or transports in time of war. In return for such subsidy said vessels to be built and tried under Government inspection, and to be under contract to be delivered up to the Government, on its order, when wanted."

Mr. Charles F. Meserve, president Shaw University, Raleigh, N. C., said: "I have for a long time considered as very unwise the policy of the United States Government that has done about all it could to strengthen the foreign merchant marine and weaken its own. Under a wise system of protection our coastwise and inland commerce has assumed enormous proportions. Millions of dollars are profitably invested, and thousands of men are receiving employment at good wages. It seems to me a foolish and weakening policy that allows the enormous exports and imports of the United States to be carried in vessels that, with a few exceptions, are owned by foreign nations. There ought to be discriminating duties and other regulations of commerce, so that a just proportion of our exports and imports can be carried in American bottoms. If this very desirable end can be brought about in no other way, I heartily favor a subsidy system, as generously administered as may be necessary, to restore and maintain a merchant marine of such extent that the flag of the United States shall be seen and recognized on all seas as the standard of the most progressive and enterprising of the nations of the earth."

#### A MERCHANT'S OPINION.

Mr. Robert W. Neff, an importing merchant of Boston, replied: "Yes, to first; provided duties could go into effect upon a sliding scale, that is to say, a 10 per cent duty might be assessed on free goods, provided they were brought here in foreign tonnage, one-quarter of this duty to apply after two and a half years, one-half after five years, and so on up to a period of ten years. This opinion is based upon the fact that we have now, in the Far East, goods which have been awaiting a vessel since last March, and only succeeded at this time in getting one of foreign register, nothing of American register

being available. At times it is absolutely impossible to procure anything of American register, owing to the fact that the goods are too low in cost to afford a steamer freight, and there is very little American tonnage in existence. A duty placed upon these goods immediately would be a hardship, but if assessed in the method given, would not be, as it would allow ample time for the building up of an American fleet."

Mr. W. C. O'Neal, of Pensacola, Fla.—I presume Senator Mallory knows him—replied: "Personally I favor a law for discriminating duty, allowing imports brought in American vessels a reduction of 10 per cent, to apply only to vessels owned by Americans and using the American flag. I would also favor the giving of the mail contracts to such vessels as would be valuable auxiliary cruisers for the Navy in case of war with a foreign power."

#### A SHIPBUILDER'S VIEW.

Mr. F. W. Wood, president of the Maryland Steel Company, at Sparrows Point, Md., a company which manufactures ships as well as other things from steel, replied: "I am distinctly of the opinion that prompt governmental aid in some form should be given to American shipping to compensate for the higher costs of construction and operation due to our protective system and the restrictions imposed by our navigation laws. I believe a direct subsidy would have the effect of increasing the tonnage under the American flag more rapidly than a system of discriminating duties. That such a policy would be effective was clearly demonstrated three years ago, when it was expected that legislation along these lines would be enacted, by the large tonnage ordered from American shipbuilders for use in the foreign trade."

The various opinions expressed in response to the circular, omitting those quoted in full by Mr. Clarke, are as follows:

In favor of either the first or the second propositions, according to the character of the service.—William Gammell, Providence, R. I.

A reasonable subsidy honestly administered is probably the best. I am strictly American and want to see our own ships carry our commerce out and in.—J. J. Littlejohn, Jonesville, S. C.

1, yes. 2, no. 3, no; don't let 'em do it.—J. A. Smith, president Bessemer City (N. C.) Cotton Mills.

No, to questions 1 and 2. When there is money in the business American capitalists will enter the field.—Wm. G. Nichols, Chester, S. C.

2, yes. Something should be done.—S. Briggs, Jamestown, N. Y.

Neither. This nation, leading all others financially, will furnish ample private capital, if there is profit in it.—Halsey C. Burr, Ironton, Ohio.

Questions 1 and 2, yes. Something should be done to prevent foreign nations from appropriating our navigation.—James Caven, president, Saranac Silk Mills, 1415 North street, Philadelphia, Pa.

In my opinion the first or second course should be adopted. I am averse to changing in any way our protective tariff, and being a protectionist, think that our marine should be protected.—George H. Fitzgerald, Island Pond, Vt.

## A FREE TRADE REPLY.

Question No. 1, no, in general; but too vague for short answer. No. 2, decidedly not—the most corrupting form of protectionism. No. 3, it does not seem to be our commerce if others are carrying it on. Freedom from restraint on the part of Government is the chief thing to be secured. Then we could have the ships, etc., if it paid; if it did not, we have plenty to do that will pay, and may as well let other people do our carrying for less cost.—Arthur T. Lyman, Boston, Mass.

(Mr. Lyman is president of several large manufacturing companies and is a well-known free trader.)

To first question, yes. I firmly believe something should be done. Either method would be better than the present policy.—John S. Fay, Marlboro, Mass.

I believe either the first or second proposition should be adopted, but am not clear as to which is to be preferred.—J. M. Bassett, Worcester, Mass.

American shipping, it seems to me, like all other of our industries and interests, should be brought under the great principle of protection, not indiscriminate, exorbitant, and unreasonable, but such as William McKinley and his like would approve. If more than this is required to encourage and establish an American marine, it shows that natural conditions favor other treatment of American commerce. Let us try duties.—H. L. Wade, Waterbury, Conn.

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In my opinion our system of high protective tariffs creates artificial prices for products and for labor; so that it is not practical to have a prosperous ocean business where free trade must to a large degree prevail. We ought to lead the world in ocean traffic, but this seems impossible so long as we adhere to the idea that high prices mean the highest degree of prosperity. Dispense with artificial prices caused by unreasonable tariffs and we can beat the world in the markets of the world and also on the high seas.—Isaac W. Lamb, Perry, Mich.

No, to questions 1 and 2. Yes, to 3. Let the fool tariff laws against foreign shipbuilding materials be taken off, and allow Americans to buy ships wherever they can buy them cheapest and give such ships an American registry. Ship subsidy is only a graft for already over-rich monopolies.—The Beckman Company, Cleveland, Ohio.

I am in favor of your second question as the first choice of remedies, and of the first as the second choice, but would accept either rather than delay by discussion. In view of our policy as a nation in protecting, building up, and maintaining our other protective interests, which is wise, judged by results, I can not understand why we have made an exception of our shipping. Our payments to foreign ship-owners for carrying our freights constitute perhaps the most serious draft upon our trade balances, as shown by custom-house returns.—J. F. Hanson, president Bibb Manufacturing Company, Macon, Ga.

No; duties for governmental purposes only. No subsidy system wanted for any purpose. No tariff for protection of any interest or any private interest. A tariff tax for revenue only, judiciously applied, and not on iron or any raw material or trust product.—George M. Goodwin, Nashville, Tenn.

Neither. If we can not do the work as cheaply as our neighbors, let them have it.—L. D. Hines, president Tupelo Cotton Mills, Tupelo, Miss.

Duties, yes; doubt the wisdom of subsidies. It seems to me high time that something should be done to put our shipping to the front.—James F. Chase, Boston.

1, yes; 2, no, except other means fail. National security and the welfare of commerce demand protection.—A. T. Stearns, Neponset, Mass.

Either first or second. The Administration's policy is mine for the time being. O, fudge! to 3.—Frank E. Tuttle, Chicopee, Mass.

To questions 1 and 2, no. Teach our sturdy manhood of this country to not depend on the Government but themselves; and once for all, let them know the Government does not intend to treat them as infants or their efforts as infant industries. They will abandon then their expectant attitude, which no doubt has delayed already the beginning of shipbuilding, and we will in a few years have a merchant marine built on independence.—F. B. Cole, Newnan, Ga.

1. Yes. 2. By no means. 3. Very important that something be done.—A. F. Swanton, Lowell, Mass.

I would not be in favor of any additional duties. I would be in favor of a substantial allowance on all import duties collected, the rebate to be paid to the owners (if citizens of the United States, not otherwise, and provided further if the vessels were built in the United States) of our merchant marine. A law of this kind would serve a double purpose: First. Encourage the building and owning of a merchant marine in the United States. Second. A practical reason for not lowering the present import or protective duties.—C. H. Bowen, 249 North Main street, Pawtucket, R. I.

Something should be done to restore our commerce to American vessels. Why not renew what succeeded in the past?—George H. Finkham, Boston, Mass.

Yes, to duties. Do nothing in preference to a subsidy system.—P. C. Withers, president Royal Knitting Company, Chester, Ill.

Prefer the first method, if duties are rightly adjusted. Present schedules were the result of careful inquiry. New schedules can be made from time to time, as conditions seem to demand.—Frank Leake, Philadelphia, Pa.

Although we do not feel able to go into a full and intelligent discussion of the issue that you raise, we feel very strongly that our merchant marine can not properly be fostered by discriminating duties nor by a subsidy system.—Albert F. Bemis, secretary Bemis Brothers Bag Company, Boston, St. Louis and other places.

#### GO BACK TO HISTORIC POLICY.

In regard to an American merchant marine, it seems to me we better follow out the original intent expressed in the Constitution of our United States when it was adopted. If we have departed therefrom, let us get back there as rapidly as possible. It seems to me the merchant marine should have been treated in the same manner as other questions of development, such as manufacturing, etc., for with this country's two great coast lines it would probably have been away to the front in commerce long before it attained its present position in

manufacturing, partly because it costs nothing to sail over the seas, whereas land to build on and water power to run with cost clean cash.—Jos. W. Green, jr., Glendale Elastic Fabrics Company, East-hampton, Mass.

Yes; discriminating duties and other regulations of commerce.—M. W. Stryker, president Hamilton College, Clinton, N. Y.

In my judgement the first proposition is the best by all means.—George A. Gray, president Gastonia Cotton Manufacturing Company, Gastonia, N. C.

I believe in protecting our commerce and navigation, but just the best method I don't know.—Adelbert D. Thayer, Franklin, Mass.

Yes; to the third. We believe in the eternal fitness of things, the survival of the fittest.—D. K. Norris, Cateechee, S. C.

Yes; to second. A subsidy system should be applied only to first-class vessels, as we believe that no other should be used or assisted by the United States Government, as there seems to be so much life and property endangered that the best is not too good for the purpose wanted. We would also advocate that said vessels be built according to United States Government specifications in every particular, as we believe that inspection made according to them will be the most beneficial and reliable for the people.—R. A. Carter, president Monongahela Iron and Steel Company, Pittsburg, Pa.

I am in favor of the first on general principles. It is the legitimate and sensible way. Then business meets business, and trade is regulated. Yet there may arise exigencies where a subsidy would be wise to adopt for a time, i. e., in developing trade in untried or new locations. So I favor a careful use of the second, in a wise discretion. The third I am not in favor of at all.—N. P. Frye, North Andover, Mass.

Favor right form of subsidy; failing to agree on that, then constitutional means.—S. Henry Skilton, commission merchant, Boston.

I favor the first, but am not opposed to the second.—John A. Hines, University of Pennsylvania, Gettysburg.

No. 1, yes. No. 2, too political. No. 3, un-American.—A. B. Church, Buchtel College, Akron, Ohio.

Yes, to the second. People of the West and central West don't like the word "subsidy," but I think would agree on a discriminating duty in favor of American-built ships.—William L. Brown, president American Shipbuilding Company, Rookery, Chicago, Ill.

I do not favor taxing the many for the benefit of the few, whether it be by discriminating duties or ship subsidies.—T. M. Adams, Ashland, Ky.

Not one contract for vessels for foreign trade made by American shipyards this year. I am in favor of direct subsidies.—Calvin Wells, Pittsburg, Pa.

Discriminating duties and other regulations, sometimes, yes. Subsidies, no. That nothing should be done does not follow.—W. D. Thompson, Ohio State University, Columbus, Ohio.

I believe that legislation in this country, instead of being directed to the support of the weak, is very largely adapted to increase, by unjust and wicked ways, the wealth of those already strong and rich. I think the result is the building up of a rich moneyed aristocracy as base and criminal and cruel as any the world has ever known. Instead of legislation for increasing present tendencies in that direction, I should be glad to see something done to compel rich men and corpora-

tions to obey the laws. If rich men were sent to prison as promptly as poor men are for offenses against the laws, I think the country would in every respect be greatly benefited. I should like to see the men who trampled the interstate commerce law and the laws respecting trade combinations imprisoned for life. I think if three or four convictions of this kind could be had, the atmosphere would be marvelously cleared.—Chas. A. Blanchard, president Wheaton College, Wheaton, Ill.

I answer yes to your first question as the most practicable way to benefit foreign shipping. There are some objections to the subsidy system, and there are many opportunities for those unfriendly to a revival of our foreign commerce to find fault and prejudice the public against it. It seems to me the way to use the power of discriminating duties is to reduce the duties a certain per cent on all goods imported in American ships. The free traders and tariff reformers would not oppose it, it seems to me, because they would think it a step in the direction in which they are constantly working; whereas to add to the duty on goods imported in foreign ships would look like an increase of protective tariff. But I realize it will be a difficult problem to rebuild our foreign shipping so long as wages on American ships are so much in excess of the pay for similar positions on foreign ships. Even if we could build ships as cheaply as can be done in foreign countries, the expense of running them is so much greater that it has put our vessels at such a disadvantage that it is almost impossible for them to compete with the foreign ships.—E. M. McPherson, Boston, Mass.

Something should be done to improve conditions. Either of the first two, or some other method, as Congress may deem best.—Lew C. Hill, Boston.

It is logical and consistent that the people of the United States should do something on the sea as well as on the land—and if it didn't pay it strikes one that it wouldn't be done at all. If it pays others and other countries it surely should pay us and our country. It seems to me that the first method would, on the whole, be the best to try. Certainly it is time to stop the last method proposed.—C. M. Cone, Hartford Woolen Company, Hartford, Vt.

#### A VOICE FOR SUBSIDY.

My reasons for subsidizing our steam marine is simply this: England, though claiming to be a free-tariff country, when it comes to her merchant marine, is the greatest protectionist of any country on earth, subsidizing steamers to all parts of the world, and the result is she is master of the merchant marine transportation of the nations. Hence we must foster the merchant marine of our country, the same as we have done by our manufacturing industries. For them we made a protective tariff; for our merchant marine subsidize American bottoms to the exclusion of foreign bottoms. When I was off on my last trip to Europe, I felt humiliated to see English, German, and French lines doing the carrying trade of the United States to the Continent. It would give us greater prestige in foreign countries if our flag were seen on all steamers carrying American imports or exports. South America has a big carrying trade outside of the regular lines of steamers, done by tramps, and all this done by vessels flying other than the

Stars and Stripes. —J. W. Doubleday, Empire Worsted Mills, Jamestown, N. Y.

Although living in the interior, I am decidedly in favor of building up our merchant marine. I have not thought enough about it to be able to form an opinion of what would be the best means. I can see great objections to subsidy and probably objections can be found to any means that are suggested. The only thing to do in that event is to take the means that are least objectionable. It is humiliating to an American who goes abroad to see in every port he visits all flags except his own, which, measured by the importance of his country, he feels should be everywhere preeminent. If it is possible to build ships in America, which, with reasonable encouragement, can compete with ships of other nations, I should say by all means build them here. If that can not be, let us invite them from abroad. A merchant once in Nova Scotia wished to come here and become a citizen of the United States. Upon inquiry he found that he could bring here all of his possessions and have for them American protection—all but his ships. For these he could not obtain a registry. It struck me as absurd; while we were holding out our arms to poverty and ignorance and often, too, to vice, an intelligent merchant and useful member to society anywhere was refused entrance. For unless he could bring his ships he could not come himself.—Theodore Harris, president Louisville National Banking Company, Louisville, Ky.

Yes, to the first question. Opposed to subsidies. Deem longer neglect a misfortune.—James E. Rankin, president Henderson Cotton Mills, president Coquillard Wagon Works, Henderson, Ky.

Subsidy as soon as possible. Fight with their own weapons until a better method can be devised.—E. B. Kimball, Burlington, Vt.

Duties in favor of American ships. No subsidy unless paid as bounties to American seamen in American ships.—John Barker, Dover, N. J.

No, to the first two questions. Legislation should be secured which will give us equality with foreign laws; then let our shippers compete fairly and freely with foreign shipping.—E. B. Campbell, National Newark Banking Company, Newark, N. J.

The question of discriminating duties or subsidies I believe to be a mere question of expediency. That is, I do not believe any valid constitutional objection can be urged against either. And as between these two methods of recovering our foreign carrying trade, I should prefer the former if we were entirely free to choose. But I have supposed, for reasons often stated by Messrs. Frye, Dingley, and others, and suggested in paragraph 10 of your circular letter, that we are not wholly free to choose, and that the method of discriminating duties is, on the whole, inexpedient. So supposing, I am in favor of subsidies. I am not at all afraid of the name or of the common arguments against them. If their primary purpose were to benefit those engaged in the shipping industry, at the expense of the rest of the country, they would hardly be justified, but the purpose is the restoration of our mercantile marine, and they would be amply justified, of course, by such restoration.—Barrett Potter, attorney at law, Brunswick, Me.

I believe that every constitutional means should be used to foster, protect, and encourage our shipbuilding industries, to the end that the United States may be in a position to recover what we have lost of our foreign carrying trade.—Miles M. O'Brien, New York.



A duty should be put on all items to protect American workmen and merchants, and the Government give all the aid that it possibly can by appropriations and subsidies and take full and good care of all American ships and be loyal to the flag and the United States.—James H. Gay, president John Gay's Sons, manufacturers of carpets, Philadelphia, Pa.

I do not believe that a subsidy system would remedy the evil from which we are suffering. It would be much better to return to the original policies of the fathers, as indicated in their action in Congress the first thirty years of our existence as a nation. By some constitutional legislation commerce should be so regulated as to employ our own vessels in the carrying trade of our growing country.—Henry D. Holton, Brattleboro, Vt.

Yes, to the first. I would be in favor of all merchandise on ships flying foreign flags brought into this country paying 5 per cent more duty than imports coming in boats flying the American flag, but, would not be in favor of subsidies, as it is leaning most too much toward direct discrimination.—R. H. Mountcastle, Knoxville, Tenn.

I am unwilling by my silence to seem indifferent to your communication, but categorical answer, in form proposed, is impracticable to me, and I do not care to inflict an essay upon you. The imperative need of the hour is honest legislation, based upon principle. Unscrupulous grabbers are likely to send prosperity to perdition. I became a protectionist many years before the Republican party adopted that policy. Protection then was definable as a principle clearly understood. I am looking sadly upon the probable overthrow of protection, not by the advocates of free trade, but by the abuses of the principle at the hands of its pretended friends; and from this cause the worthy principle of subsidy has failed to produce its possible gains for national prosperity. I am satisfied that, under existing conditions, we have very little hope from purely selfish legislation, and I fear that the people are not yet sick enough to be moved to insist upon honesty at Washington. I try very hard to avoid pessimism, but I have to accept the position that theories do not cover our nation's needs at the present time.—Henry B. Metcalf, Pawtucket, R. I.

If we can not get your first proposition adopted then let us have the second, anything rather than the present degrading condition of affairs.—A. H. Hews & Co., North Cambridge, Mass.

Think we have tried the let-alone policy long enough.—William A. Ainey, Allentown, Pa.

I think either the first or the second policy should be adopted, and possibly some of both. In regard to the third question, I should answer, no.—Eben S. Draper, Hopedale, Mass.

It is the patriotic duty of our people to set to work at the earliest possible day to recover our lost merchant marine service, and it is by a system of discriminating duties and other regulations along similar lines that the object can be accomplished. An appeal to Congress should be made at once. It would be better to give a reduction to imports in American ships, so as not to antagonize the tariff reformers.—Silas W. Gardiner, Lyons, Iowa.

It seems to me that the fact that American capital has not seized upon opportunities to control a good share of commerce and navigation is strong proof that in some way the door of opportunity has been closed against it. I am far from being satisfied with such a state of

affairs. I therefore favor such a plan as would open the door of opportunity to our people. I am not statesman enough to feel sure that I know what would be the right plan. I believe that our statesmen should not shirk from weighing the question and entering upon such plan as would give us our rightful position. My judgment is that among the governments of the world, that government which is the strongest in commerce is the government which should approach the nearest to free trade. Therefore, I doubt the wisdom of discriminating duties being used longer to encourage American commerce. I believe the weaker governments must follow the idea of protection. I should, therefore, lean to the idea of subsidy system; though I have my fears with reference to its corruption.—David R. Kerr, president Bellevue College, Bellevue, Nebr.

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I am decidedly in favor of the first, and of the second, if necessary to a restitution of our shipping interests. The do-nothing policy has been continued quite too long.—R. H. Porter, Cheshire National Bank, Keene, N. H.

#### A NAVAL RESERVE.

It hardly seems possible to answer by simple "yes" or "no" the questions involved in your circular. The answer to your first question would be yes. This leaves the broad question to be subdivided into many parts. That there should be subsidy to a certain class of foreign vessels, and that the Government should follow the English custom of having some control over such vessels, we believe to be good business policy; but that the Government expense should be confined to this class of vessels alone we doubt. In order to reach a broader field and get more general satisfaction, it would appear that there might be a tariff provision that should allow privileges to any foreign port craft. Before, however, the commerce of this country can be extended to anything like that of England, it will be necessary to attract in some way the proper class of men to man the ships that should necessarily be engaged in this commerce. The young men that England provides for her commerce are occupied in this country in internal business, either steam or electrical. I believe it would be necessary to make some provision whereby any native-born citizen between the ages of 18 and 30 that could show three years of service in deep-sea navigation should be entitled to some recognition in the way of bounty that should help to bridge the difference in wages as between those paid by other nations and those earned by the same class of men in this country now engaged in the internal business of the country.

In the early prosperous days of whaling from this port the vessels were manned by native-born American young men and generally the best class of sailors that the world has ever produced. The same class of men would not be available at present in the business unless there was some special inducement to the class as mentioned. We have been given to understand that our present Navy is deficient in every line of its service possible, with the exception of commanding officers, owing to the lack of inducement that the Government is willing to give to men of proper character to represent these interests.—George R. Stetson, president New Bedford Gas and Edison Light Company.

Duties, until our commerce gets a good sound foothold.—W. W. Balkwill, president The Cleveland Steel Casting Company, Cleveland, Ohio.

No, to first and second. Something should be done, and foreign nations should not be allowed to appropriate our commerce. When the profits of ship carrying warrant it American capital (of which there is certainly an abundance) will compete on equal terms with foreign capital invested in merchant marine.—J. K. Deming, Dubuque, Iowa.

The first, by all means. The third is foolish and un-American.—A. H. Tillinghast, the Grosvenor-Dale Company, Providence, R. I.

I have favored a subsidy system, but I favor any constitutional method that will effect the result.—George C. Chase, Bates College, Lewiston, Me.

I prefer discriminating duties and regulations of commerce.—Wm. C. Sproul, Chester, Pa. (president Seaboard Steel Casting Company, President Senate of Pennsylvania, publisher Chester Daily Times.)

The third question does not seem to me to exhaust the alternative by any means.—Henry Churchill King, Oberlin, Ohio.

I favor subsidy system well defined within constitutional limits for all American ships carrying the American flag.—I. H. Michenor, Bank of North America, Philadelphia, Pa.

So far as my present information goes I answer your first question yes, because I would certainly answer no to your third question, and have very grave doubts about the advisability of answering yes to your second question. As a general proposition, I do not believe in directly taxing one portion of the community to pay subsidies to the other part.—Charles H. Scott, president Saxton Furnace Company, Philadelphia.

No, to 1 and 2; yes, to 3. If we find it more profitable to use our money in lines different than foreign transportation we do it. The American knows a good thing sometimes. Selfishness may pay one to-day, but lose two to-morrow.—William B. Smith, The Smith American Metal Company (Sam Company), New York.

No subsidy. Make shipbuilding possible at home by a tariff for revenue only.—C. W. Fowler, superintendent, Kentucky Military Institute, Lyndon, Ky.

I believe that the first and second means can both be employed to advantage in rehabilitating our merchant marine.—Ernest W. Roberts, Chelsea, Mass.

(Mr. Roberts is a member of Congress and on the Naval Committee.)

#### TO RECOVER LOST TRADE.

I believe that we should subsidize our ships to such an extent as would guarantee their doing the Government business, such as carrying mails, etc.; and, further, I believe that some system of rebate on freights carried in American ships should be arranged for, so that there would be an incentive to increase the American shipping, because of the fact that parties forwarding goods in American bottoms would secure lower tariffs than when carried by other nations' boats. Further than this, rebate should not have to be struggled for by the shipper or the consignee, but should be made direct to the boat, which would allow owners to make a tariff which it seems to me would control very soon enough trade to put us back on our old footing in the carrying line. I have thought out no scheme, and am only writing you thus

fully because I do not feel as if a "yes" or "no" answer to your question would cover my views. There is one thing very certain, we can never control a traffic against which we are always discriminating, while others are subsidizing and catering to the trade.

It is one thing to have a trade and hold it. It is an entirely different thing to have had a trade, lost it, and then attempt to get it back, in which position we now are. It seems to me very radical measures will have to be taken before we can regain our lost prestige.—E. D. Bancroft, of the Draper Company, Hopedale, Mass.

The condition of our shipping interests is certainly a disgrace to the dignity of a nation so great in all other resources as ours, and I heartily approve of any measure that will place our people in command of our shipping industry. We have certainly been the laughing stock for other nations long enough. I believe 5 per cent duties would place the American flag on most ships carrying our commerce and could not be considered as prohibitory against other nations and would be less liable to provoke retaliatory measures.—J. E. Carnahan, Canton, Ohio.

Other nations have subsidized shipping, why not we? The subject should be studied more.—Contoocook Mill Company, Hillsboro Bridge, N. H.

Yes, to the first question.—A. H. Fetterolf, Girard College, Philadelphia.

We should have absolute free trade in ships and everything else.—Lewis G. Kills, Salt Lake City, Utah.

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#### BOTH METHODS PRACTICABLE.

In my judgment, either or both of two remedies are practicable and may wisely be applied. Namely: First, by the levying of lower and discriminating duties upon merchandise imported in American vessels. In this way the American marine can be fostered without distressing other American industries, for, considering the insignificant number of American vessels suited to engage in the foreign trade that are at present afloat, it is safe to say that the effect upon the general industries of such discrimination in duties will be so slight for years to come as to scarcely be realized, and the country will, at the same time, become gradually prepared, without shock or injury, for the advent of a universal system of lower rates, which sooner or later a changed public sentiment is quite likely to demand. Such a change had better be reached in the way suggested than by revolutionary action of Congress, which experience teaches is always followed by paralysis in business, financial disaster, and general distress. Second, by a subsidy system copied to a large extent from that existing under the English laws, by which the vessels enjoying the subsidy shall be made vessels of the United States, the officers to be made commissioned officers of the United States, and all to be subject to call from the General Government in time of war, or in case their services may be required by the Government for any purpose. It might be well, perhaps, to revive the bounty laws for American fishermen, under such restrictions and safeguards, however, as would prevent frauds such as prevailed to some extent under the old law.—N. W. Bingham, United States customs attorney, Boston.

Something ought to be done, and I favor subsidies.—John J. Pew, Gloucester, Mass.

I favor a 10 per cent rebate in customs on dutiable goods imported in American bottoms.—Augustus F. Libby, New Jersey.

I believe that a substantial reduction in duties on all merchandise brought to this country by American-built ships would effect in the very best way and in the shortest time all that is desired for our shipping by the most patriotic citizen.—W. Rockwell Clough, Alton, N. H.

As a banker and manufacturer, I am of the opinion that a subsidy system is the best way to recover what we have lost.—G. B. Lessig, Pottstown, Pa.

The first two suggestions for the building up of our shipping are simply cocktail stimulants to relieve symptoms of the disease that ails us, and the third is the Mark Hanna prescription of "standing pat" on the Dingley lot of boa-constrictor duties that were intended to discourage commerce and the use of the shipping you now profess to want. If other countries can do ocean carrying at cheaper rates than we can, they will continue to do so until we can reduce our cost to (or below) theirs, and the nostrum of paying people to do what, without help, would be a losing business is simply trying to lift ourselves over the fence by our boot straps. They who conscientiously desire to encourage shipping and its use must start by encouraging the only thing that shipping—outside of mere coastwise work—can be used for, viz, foreign trade, and the proper and only adequate way to encourage this is by removing all and every obstacle in its way, and by promoting the freedom of exchange all over the world.

It is this that has made England "the mistress of the seas" during the past sixty years, and is allowing other countries who have adopted the same practice to help divide her mastery. For instance, little Denmark, after the adoption of free trade, increased her shipping in the decade between 1888 and 1898 by 15 per cent, viz, from 95,527 tons to 245,447 tons, as I learn from a table given in *The Speaker* of June 27 last, besides increasing all agricultural wealth and resources "by leaps and bounds" during the same time. So long as your club continues to devote its energies to simply coddling by stimulants the market it is named for, so long is it making itself ridiculous to all thinking people by advocating the increase of the tools for increasing and promoting that much greater and more lucrative market that awaits us when we throw off the McKinley-Dingley shackles that bind us, and go in "in our shirt sleeves" to secure our legitimate share of the immeasurable commerce of the world.—Samuel Bancroft, jr., Wilmington, Del.

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I favor discriminating duties and other regulations of commerce.—Mary E. Wooley, president Mount Holyoke College.

No duties or subsidies. It is not a sequence that foreign nations will be allowed to appropriate our commerce.—Virginius Newton, Richmond, Va.

I favor No. 1. The canal must be built across the Isthmus, with discriminating tolls in favor of American shipping.—Frank Miller, Sacramento, Cal.

Either duties or subsidies, or both, as may be found adapted to the end in view.—O. Vincent Coffin, Middletown, Conn. (former governor).

My answer to question 1 would depend upon the kind of means to be used.—John S. Seats, Lancaster, Pa.

It is not at all fitting that so great a nation as ours should carry so small a proportion of our commerce. Discriminating duties should be applied.—A. Caldwell, Leavenworth, Kans.

I would prefer discriminating duties and other constitutional regulations of commerce.—Howard Ayres, president University of Cincinnati.

Duties preferred. Subsidies, as proposed in recent bills, would enrich the trans-Atlantic lines, but would not assist in establishing shipping facilities with such distant countries as India.—F. L. Clark, Birmingham, Ala.

I do not claim to know very much about the subject referred to. It is certainly a very important one. It is best, in my judgment, that constitutional means should be used in endeavoring to protect our marine interests. This seems to be preferable to subsidy, and in the adoption of such measures preference should be given to American bottoms by the reduction of duties or charges rather than adding them on to imports in foreign vessels. Such a course would seem to me to make the discrimination less objectionable.—O. L. Letchworth, president Pratt & Letchworth Company, Buffalo, N. Y.

I have long been interested in the subject of the revival of our shipping, which is in such a deplorable condition at present. Our motto for the last three-quarters of a century has been protection for products, free trade and special privileges for the ships that carry them, with their natural results, as at present. The regulation of commerce is a perfectly proper act. In a letter to the State Department several years since I asked why it could not be done, and was told in reply, "It would be against the conventions." The present status is a disgrace which should be removed as soon as possible. Anything that can be done in this line will have my earnest assistance, as it should have of every citizen who loves "Old Glory."—Allan D. Brown, president Norwich University, Northfield, Vt.

#### FOR A SUBSIDY.

My ancestors have been owners of vessels for nearly two hundred years, and I have naturally taken great interest in the merchant marine of our country. In my opinion the most important thing for the prosperity of the United States is some legislation which will enable us to recover the large percentage of our own commerce which we had a century ago. My preference is for a system of subsidies. The impossibility of obtaining an ideal system which will meet with the approval of all should not deter us from urging the speedy enactment of the best practicable system which will meet the approval of a majority of Congress.—William Rotch, president Union Iron and Steel Company, New York.

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Yes, to the first question. We ought to resume our former place on the ocean.—E. K. Hubbard, Middletown, Conn.

I have been a consistent Republican for years—since I was born. I believe in reasonable protection of our industries, and reasonable subsidies when needed, but especially trade treaties with those who will treat us fairly and reciprocally in the matter of duties on imports.—Dan F. Bradley, president Iowa College, Grinnell, Iowa.

I do not favor either discriminating duties or a subsidy system at

the present time. If, however, some government regulation should prove to be necessary, I would prefer discriminating duties.—J. Alden Smith, University of Washington, Seattle, Wash.

Q. 1. Yes. I am in favor of Government assistance to our marine mail carriers on a fair basis. Answer to No. 3, "Not much!"—Charles A. Howland, Quincy, Mass.

I have always believed in protecting American workmen and in maintaining American standards of living against foreign cheaper labor competition. I believe the things we can produce in sufficient quantities should be protected to secure the home market, and the things we can not produce or which we prefer to import as luxuries, should be admitted under constitutional regulations drawn so as to protect American shipping and shipyards.—L. E. Whiton, manufacturer, New London, Conn.

Yes to 1. Yes to 2, when first is not sufficient. No to 3.—Edward M. Rockwell, Leominster, Mass.

I believe that constitutional means, with a liberal subsidy, should be applied.—L. E. Cochran, Youngstown, Ohio.

Personally, I favor "constitutional regulation of our foreign commerce" by absolute discrimination in tonnage dues, port and light-house charges, etc. In my view the main thing necessary in dealing adequately with this too long deferred question is a permanent national protective policy. A direct subsidy policy is a very good policy for some nationalities, but in doesn't seem to answer for Americans. Look at the careers of the Collins Line steamers across the North Atlantic; the Pacific Mail Steamship Company on the west coast (Panama to San Francisco), and to Australia, etc.; the United States and Brazil Mail Steamship Company, to four commercial ports of Brazil, 1865–1875. The efforts were fitful; the results small.

No one can prophesy how long it will take to secure a fair share of its trade with foreign countries, and to confer appreciable benefits upon both through frequent commercial communication and intercourse, but that both these desirable ends can be achieved by a permanent governmental policy, I have not the slightest doubt. A direct subsidy policy has worked well for a conservative people like the British, who know what they want to achieve, and stick to it until they do achieve it, and then they keep on sticking to it. Since I was born, the Cunard Steamship Line across the North Atlantic has always been subsidized by the Government of Great Britain. Germany and France also realize the national benefits secured through a permanent system of subsidy to its foreign steamship lines. England first, and later these two other nations, have been exploiting foreign trade, and for fifty years, more or less, have been consistently securing commercial footholds, establishing banks, and controlling the trade represented by their capital and credit. For the past forty years (since the civil war) Americans have been exploiting their own country, binding it together from the Atlantic to the Pacific, from the Lakes to the Gulf of Mexico, establishing communications everywhere, promoting industries, learning where the great mineral resources of the country are and developing them, and finally have happily become a reunited people. It has occupied a long time to accomplish all this, but in my opinion, the terse announcement by General Grant in the spring of 1864, when laying his plans to reach his objective point (Richmond, Va.), "I propose to fight it out on this line if it takes all summer,"

was the key of the nation's situation at the time and the inspiration for its later successes.

As it was then, so now, "The Problem of an American Marine" will be readily solved when the American people and their leaders are ready to solve it. Whether they are now ready to solve it I don't know. In my opinion, they ought to be. All the conditions, both national and individual, seem favorable now. Your circular of inquiry is therefore most timely and should have the widest circulation possible. If, as I hope, you find a widespread interest in the solution of the problem, the second step of getting leaders together to consider plans and devise best methods will be easy and natural. With a policy enacted by national legislation which shall equally protect all who wish to embark under it, positiveness will be secured until later legislation shall change, modify, or extend it as may be wise, and the mere announcement by the National Congress that the American people propose to fight it out on this line will be an impressive exhibit of the nation's deliberate purpose. It will also prepare other nations for our entry in this additional foreign field of enterprise. Concerning details, I should favor indirect but sufficient protection. In matters of this kind Americans seem to prefer indirect concessions rather than direct cash payments to supposedly privileged beneficiaries. If necessary to apply discriminating duties, it would be more logical, in my opinion, to authorize rebates of duties on cargoes imported under "Old Glory." The main point, however, is, Are the American people now ready to deal with the subject as an American business proposition, regardless of whether they call themselves Democrats or Republicans? Please count me as voting "Aye."—Franklin Allen, New York.

(Colonel Allen is and long has been the very able secretary of the Silk Association of America.)

Yes to Question 1; no to 2; to 3, no. Our commerce should be regulated to favor our people as a whole, and no time should be lost in bringing about the result.—Edward H. Sturtevant, Franklin, N. H.

To No. 1, yes; if we can not have a subsidy. I prefer a subsidy to any other system.—E. M. Wilson, president, Western Iron and Steel Company, Lakeview, Wash.

Yes to 1. I have to say, in reply to your circular addressed to me as president of the Glenside Woolen Mills and recently received, that I am so unfamiliar with the subject referred to that I do not think I should express any opinion in relation to it. I have been content, thus far, to leave the question wholly to the decision of our Representatives in Congress, assuming them to be the better qualified to cope with it. This may be an attitude, in view of the importance of the question, which no intelligent or patriotic citizen should occupy; but you must be aware of the fact that the subject is one which is not brought so close home to those residing in the interior as to those residing in the shipping ports. Superficially considering the subject, I am opposed to subsidies. The idea of the grant of the public revenues in aid of a particular class is too suggestive of favoritism. Of course it could be justified only, I think, upon the ground that it would be the means of providing against dangers to the whole country in time of war, dangers ever becoming more remote, especially in view of the growth of our Navy. Under existing circumstances, unfamiliar as I am with the subject, I am not prepared to say that anything should be done. I do not see why the United States can not meet other



countries on the high seas and successfully compete with them; but if it is necessary that something should be done to enable them to do so, I should, decidedly, favor discriminating duties as the better remedy.—George Barrow, Skaneateles, N. Y.

Yes, to 1, to a reasonable extent, not to be prohibitive in any sense, but sufficient to turn the business into the hands of Americans, sailing under the Stars and Stripes; in short, get back to where we stood previous to the decline in our marine. Shipping should be protected as well as manufacturing and farming and mining.—J. G. Woodruff, president W. L. Gilbert Clock Company, Winsted, Conn.

Either duties or subsidies, but preferably a proper subsidy system.—William Thayer, Pawtucket, R. I.

To question 1, yes; enough to equalize advantage possessed by foreign vessels. I favor subsidy to new lines to new ports only. The matter is urgent enough. It is difficult to subsidize lines now running and secure any reductions or benefits. I see no way practicable except to limit to new lines, or as a bounty on new commodities, or else specify certain commodities to be carried at same rate as from Europe.—E. T. Shuler, Gadsden, Ala.

I have answered yes to the second question, although I am not quite sure that I should not have said yes to the first question. I believe that something should be done to build up our shipping interests. The only question is, Which is the better way? It would seem that we have men at Washington that should be able to solve this question in a wise manner. It seems to be the opinion of many people that in former bills too much was being done for the capitalists—that is, playing into the hands of the moneyed men. How that may be I do not know, but in my travels I have heard this opinion expressed to quite an extent.—Gordon Dobson, Pittsfield, Me.

No to the first two questions, or else stop our absurd boasting that the great American nation can dive deeper, stay under longer, and come up drier than anybody in the universal world, with a hoop-la! and a tiger attached, with a nauseous “damnable iteration” of “patriotism,” like a half-drunken country jay at a Fourth of July barbecue.—John R. Redfield, Hartford, Conn.

I fully and absolutely indorse the first, believing that under wise conservative regulation we can best maintain national safety and encourage progress and good will. The second and third propositions do not meet with my approval. I can see in both, even with all the wisdom legislation can surround them, that they would lead to constant irritation and political jobbing, of which we have a surplus to contend with, both past and present.—John Cochrane, president Cochrane Manufacturing Company, Malden, Mass.

#### A SHIPMASTER'S ADVICE.

As between the two policies you suggest for the upbuilding of our merchant marine, I decidedly prefer the second—a subsidy system. I was a shipmaster for many years, and have been all my life engaged in the shipping business. Though a free trader and a Democrat, I believe very strongly that as the Government has lent a hand to encourage other industry save shipping, this, too, must be included if our economic policy, in general an unwise one, as I think, is to be made consistent. Perhaps if we had absolute free trade, our ship-

owners could take care of themselves. But we do not have free trade. We build our vessels with protected labor; we pay protectionist prices. Moreover, on the sea, however it may be ashore, all our competitors pursue a protective policy, as witness the new huge British subsidy to the Cunard Line. I remember as a boy and young man when the ports of the world were crowded with American vessels. Our ships were the sea's aristocracy.

I have just returned from a long journey to the far East, and in all the harbors of the Orient I saw but six American ships, where they were once numbered by the hundreds. We have, rightly or wrongly, given the manufacturers protection and made the United States the greatest manufacturing nation of the world. Let us see what protection will do for our shipping. I know that discriminating duties served well in the old times, but important treaties stand in the way of their reenactment. Moreover, how about the articles that are imported duty free? Feeling as I do I can not recommend taking these from the free list, even for the sake of encouraging American shipowners. Foreign governments might easily retaliate and match our discriminating duties with duties of their own. And I do not see how the first plan you suggest could develop what we so much need—American steam lines to distant lands like South Africa, India, and South America. The subsidy system is the system already adopted by our rivals. They can not object if we take a leaf out of their own book. We tried subsidies to mail lines successfully before the civil war, and ought never to have abandoned them. You will find, I think, that the subsidy policy is strongly preferred by practical men in close touch with modern shipping conditions.—W. F. Humphrey, treasurer, Boston Tow-Boat Company.

MR. CLARKE. We submitted those opinions, after they had been received and collated, to Mr. Winthrop L. Marvin, of Boston, the very able secretary of the Commission, and to Capt. W. W. Bates, formerly United States Commissioner of Navigation, and asked those gentlemen to review them in a nonpartisan spirit, and make such answers as they thought would be enlightening to the general public and helpful to Congress.

They did so, and, if the Commission care to hear me for fifteen minutes, I could read extracts from those opinions which I regard as complete answers to some of the errors that have been stated in the responses already read.

THE CHAIRMAN. I think, Mr. Clarke, we would hardly want to hear the views of the secretary of the Commission, but if you have the views of any other person, which you think important, we shall be glad to hear them. Mr. Marvin will understand why I make that suggestion.

Secretary MARVIN. Certainly.

MR. CLARKE. I will read a few extracts, if you please, from Captain Bates, whom I regard as a very high authority on this whole question:

"Vessels are tools of trade. Persons who use tools need them of their own. Independence of rivals is the first essential of success in any business. A nation must have its commerce carried on. Those who will do it best for the national interest are its own people. If such a condition exists that navigation will not pay, the remedy is not to admit strangers with their shipping, but to regulate the carriage of

the commerce so that citizens will find inducement to undertake both the carrying and the merchandising.

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"True American sentiment revolts at dependence upon rival nations for the proper exercise of rights and powers, or for any essential of national life. Our people are thoroughly competent to serve themselves on the sea, as on the land; and it is the duty of the Government to secure fair play to the industries of the sea, as well as to those of the land. Having the greater responsibility, the Government of right should decide upon as well as apply the proper measures for maintaining a merchant marine. Private interest must not clash with public welfare.

"Important matters of state lie at the threshold of the shipping question. These may be grouped under five general heads, namely: 1, the industrial; 2, the commercial; 3, the financial; 4, the political; 5, the military interests of the United States. Therefore for the national good we need and must have a merchant marine, and, properly protected, a merchant marine will pay. On May 15, 1848, David Ricardo, the English economist, in a speech in Parliament, said: "It was a singular circumstance, that although the American vessels were the dearest built and dearest manned ships in the world, they had two-thirds of the whole trade between this country and the United States; while the Russians, with the cheapest ships in the world, were obliged to give us up the whole trade between their country and ours."

Senator LODGE. What was the date of that?

Mr. CLARKE. 1848.

Again, Captain Bates said: "Furthermore, it is the right of the Americans to build all American shipping, as it is equally the interest of the nation to have the art of shipbuilding developed to perfection—not abroad, but at home. If we would weigh for a moment the advantage to us of shipbuilding power, a glance at the navies of Great Britain on the one hand, and of the five nations—France, Russia, Germany, Italy, and the United States—on the other, in the average recent year, we would find Great Britain quite as strong as the others together when we consider her shipbuilding and repairing competency as an actual auxiliary to her naval power. Indeed, the superiority of England's shipbuilding development is equal to that of a large navy of itself. This is such to-day that, if the war fleets of the six nations were engulfed at sea with all their crews, and had to be replaced, Great Britain could reproduce her ships in half the time it would take the other five nations to reproduce theirs; and, besides, from her development due to predominance in the carrying trade, Britain would have the seamen, the transports, the colliers, the scouts—every instrumentality of naval war—ready for the fray when her navy was restored. Thus it is seen that shipbuilding power is not only an essential element in naval warfare, but the very first requisite for final victory. We must therefore build all our own ships and cultivate to the utmost our native skill in navigation, as a matter of national policy." And so on. He made many other points equally conclusive.

I made a little reply myself to one or two points. I neglected to read the opinion given by Mr. Pratt, of Lewiston, Me., in favor of subsidies and against discriminating duties and giving some reasons why those duties should not be applied. As you know who lives in

Lewiston, Me., you can imagine that this gentleman has received a great deal of enlightenment on this subject, first and last. Therefore I regard his opinion as valuable, but I will not take the time to read my reply to that part of it, not having read what he says. However, I will mark it and submit it to the Commission, together with my reply.

The matter referred to is as follows:

#### OPPOSED TO PREFERENTIAL DUTIES.

It is apparent from your circular letter that you are a believer in discriminating duties. I regret that I can not agree with you. In the early days when this method was in force our carrying trade increased, but at that time we were a nation of importers; then we had no commercial treaties; then we had tonnage taxes, in some cases prohibitory; and then we could build ships cheaper than any nation in the world. No one can say that discriminating duties alone were the cause of our success upon the seas. There seems to me to be fatal objections to a policy of discriminating duties now. None of the above conditions prevail to-day. It costs us more to build our ships than it does any other nation; we have no prohibitory tonnage taxes; we have, I believe, a number of commercial treaties, 20 or 30, with various countries, which stand in the way of discriminating duties. It is true that on notice these may be abrogated, but it seems to me there is danger in this. We want amicable commercial relations with them, and we want treaties securing our rights, and we can not ruthlessly terminate treaties and then negotiate others satisfactory to our people; and of greater consequence than anything else, the strongest argument against your proposition, as I see it, is the fact that our imports are but a small part of our foreign commerce, and that of these imports approximately 45 per cent are on the free list, of which the major part are raw materials. Congress wisely placed them there, and they should stay there, beyond the reach of discriminating duties. This leaves, at the most, but a trifling part of our commerce, and I believe a part that will relatively constantly decrease, subject to the operation of these duties.

Furthermore, I do not believe the American people would take kindly to an increase of our tariff duties, which would be the effect of levying a 10 per cent or more additional duty on goods brought to this country in foreign vessels, and our manufacturers in particular would object to any such duty on the raw materials now on the free list. In the last analysis your proposition is, then, a reduction of 10 per cent, more or less, on goods not on the free list imported in American vessels. I can not believe that a duty laid on such an infinitesimal part of our commerce would result in the slightest increase in our merchant marine. If a benefit followed from this decrease of duty to anyone it would not be to the shipping interests, to whom we must look for the building of our ocean fleet. I have stated my opinion as to discriminating duties somewhat at length because of the fact that you seem to incline in that direction. I am in favor of a system of subsidies. I am not frightened at the word "subsidy." I can not see that such a system is unconstitutional. I can not see the objections to it which I have urged against discriminating duties, and I think there is much to be said in its favor. The recent bills have met with much opposition, but I have no question that any other method would

encounter the same. It would come from those who believe in free ships—in a do-nothing policy—and from the interests friendly to the foreign lines. Let me say in conclusion that I am not so much concerned about the means as I am anxious that we should occupy our proper place in the carrying trade of the world. Any measure agreed upon and drafted by the friends of our merchant marine will receive my support. I hope, however, a subsidy system will be decided upon. It commends itself to my best judgment.”—H. L. Pratt, agent Bates Manufacturing Company, Lewiston, Me.

“Several gentlemen have presented in their replies objections to discriminating duties, which undoubtedly have weight. The letter of Mr. H. L. Pratt, of Lewiston, Me., states them with force, but when he says in effect that we have no large volume of dutiable imports upon which alone they could probably be applied he minimizes the fact, for the total value of dutiable imports in the fiscal year ended with June, 1903, was \$599,569,572. In 1825, when American vessels carried 95.2 per cent of our exports and imports—which was high-water mark—our total foreign commerce was only \$180,927,643, or less than one-half of the dutiable imports alone in 1903. If discriminating duties and other regulations of commerce, operating upon only \$65,000,000 of imports, gave us the lion’s share of the carriage, what would not the same regulations accomplish if applied to nearly \$600,000,000 of dutiable imports? Then, too, Mr. Pratt discusses discriminating duties only, but that policy also embraces discriminating tonnage dues and port and light-house charges if Congress sees fit to apply them, and those charges would, of course, apply to the whole foreign commerce, and not merely to dutiable imports. But Mr. Pratt shows a highly commendable spirit when he says: ‘Any measure agreed upon and drafted by the friends of our merchant marine will receive my support.’”—[By the Editor, *The Protectionist*, Oct., 1903.]

#### ARE SUBSIDIES UNCONSTITUTIONAL?

Mr. CLARKE. Then a point has been made that subsidies would be unconstitutional. I examined the laws somewhat with reference to that question, and have marked passages on that subject which show that the question of the constitutionality of the application of subsidies to the development of any industry has not yet been passed upon by the highest court in the land, and therefore it may be regarded as an undecided and open question. I cite the authorities here, which I shall feel honored if Senator Mallory and other lawyers upon the Commission will examine with care, as they have the opportunity.

The matter referred to is as follows:

“The constitutionality of subsidies is an open and undecided question. Many of the best lawyers in Congress think that subsidies are clearly constitutional, especially when carrying the mail or providing naval auxiliaries are set forth as objects, but at the same time some of them favor discriminating duties, and some, at least, of the six Republican Senators who voted against the Frye bill in the last session are in this class.

“Let us for a moment look at the legal status of this question: The case of *United States v. Realty Company* and *United States v. Gay*, decided May 25, 1896, by the Supreme Court (U. S. Rep., vol. 163), involved the question of payment of the sugar bounty provided by

the McKinley tariff in 1890. In 1894 Congress repealed that act, but many persons claimed that they had incurred large expense in enlarging their facilities for producing sugar, having been induced thereto by the bounty, and that, therefore, they were equitably entitled to the bounty that had not been collected up to the time of the repeal. In 1895 Congress recognized the equity of these claims and made appropriations to pay them.

"Notwithstanding this, the Government (then Democratic) contended that the claims were void, because both the original bounty provision and the law of 1895 were unconstitutional. The court sustained the law of 1895 on the ground that the claims were equitable, and that it was within the constitutional power of Congress to provide for such claims, wholly irrespective of the constitutionality of the original provision in the McKinley law. The opinion of the court was unanimous, except that Mr. Justice White did not sit in the case, and it was written by Mr. Justice Peckham, formerly a distinguished Democrat in New York.

"The constitutional question had been previously raised in the case of *Field vs. Clark*, 143 U. S., 649, and the contention in that case was that the bounty was unconstitutional, and that therefore the whole act of 1890 was void. The court declined to decide the question as to the constitutionality of the bounty provision, because, as the court held, the rest of the act would be valid, even if that provision were void, and the case at bar arose under another part of the act.

"In the later case of *United States v. Realty Company*, the court said: 'The [constitutional] question has been again presented to us in this case, and been very ably argued by counsel both for the Government and the defendants in error. The question is one of the very gravest importance. It should not be decided without very mature investigation and deliberation, and only when absolutely necessary to the determination of the rights of the parties. In the view we take of these cases the rights of the parties may be passed upon and the actions finally decided without entering upon a discussion as to the validity of the bounty legislation contained in the act of 1890 and without deciding that question. For the purpose of the discussion of this case we think it unnecessary to decide whether or not such legislation is beyond the power of Congress. We are of the opinion that in either case the appropriations of money in the act of 1895 to be paid to certain manufacturers and producers of sugar who had complied with the act of 1890 were within the power of Congress to make, and were constitutional and valid.'

"So the original question of a bounty or subsidy has never yet been passed upon by the Supreme Court. The nearest approach to it was made by the circuit court of appeals in the District of Columbia, in January, 1895, in the case of *Miles Planting Company v. Carlisle* (Appeal Cases, D. C., vol. 5, p. 138), when Justices Shepard and Morris decided that the bounty provision was unconstitutional, but Chief Justice Alvey held that it is not 'necessary, for any purpose of this case, to discuss and decide the constitutional question of the power of Congress to provide for the payment of bounties in such case as that provided for by the late tariff act of 1890. I prefer to express no opinion upon that subject.'

"It appears, therefore, that not only the chief justice of the circuit court of appeals in the District of Columbia, but all the justices of the Supreme Court who sat in the case of United States v. Realty Company, were of opinion that the decision by Justices Shepard and Morris on the constitutional question was extrajudicial, and therefore not an authority in law. However, it might be of interest as a discussion of principles if the report had not omitted the briefs of the counsel.

"But even that decision expressly excepted from the ban of unconstitutionality appropriations of bounty or subsidy made for 'the common defence' or for 'establishing or maintaining post roads.' Presumably any act providing subsidies for vessels will contain some requirement that they shall either carry the United States mail or shall be available as transports in case of war, and probably both. Such requirement would seem to make the act constitutional, according to the understanding of the two judges who went as far as they could to hold a sugar bounty unconstitutional. This being so, it hardly seems necessary to the cause of discriminating duties to contend that subsidies would be unconstitutional. Both may be constitutional, and while—for a commerce that is well established, like that between the United States and Europe—discriminating duties and other regulations of commerce may be preferable, yet, in order to build up a new commerce, as between the United States and South American countries, subsidies might be preferable and even necessary."

Mr. CLARKE. Mr. Chairman, as a further presentation of public opinion on this subject, I desire to call the attention of the Commission to a report made recently by the Committee on Commerce to the Associated Board of Trade of Boston, which is a very succinct statement of the history of this whole subject under our Government, and which contains some points that may be of interest. The report is signed by Edward B. Wilson, C. M. Gowen, George F. Kellogg, George F. Schrafft, Chandler W. Smith, Isaac Chase, Horace M. Bickford, Jacob Mitchell, Walter F. Cushing, J. W. Hoffman, George F. Daniels, and E. Noyes Whitcomb, all prominent merchants and business men of Boston.

The CHAIRMAN. Does the report deal with the matter of remedial legislation and the methods?

Mr. CLARKE. Yes, sir, it does. I think you will be very much interested to read it. It occupies four pages of this publication.

I desire to call the attention of the Commission to one point in the report which has been alluded to this morning, I think by Mr. Emery, and that is in regard to the relative wages of American and foreign vessels. The report says:

"It appears, for example, that the American liner *St. Louis* employs 380 men at a cost of \$11,306 a month, while the *Kaiser Wilhelm der Grosse* employs 500 men at a cost of \$7,715 a month. The average pay per man on the American steamship is \$29.75 a month; on the German liner only \$15.43, or less than \$1 above one-half the American wage. Good wages and a high standard of living constitute a distinguishing feature of our civilization, and it should be maintained upon the sea as well as upon the land."

The CHAIRMAN. You may file that report, Mr. Clarke, and it will be printed as a part of your remarks.

The report is as follows:

## REPORT OF THE COMMITTEE ON COMMERCE TO THE ASSOCIATED BOARD OF TRADE OF BOSTON.

Your committee on commerce, to which was referred the résolutions of the board of directors of the Boston Fruit and Produce Exchange in favor of action by the Government of the United States to encourage and build up American shipping in the foreign trade, respectfully report that we have considered the same and that we are unanimous in thinking that Government aid of some kind should be extended as soon as the best method can be determined upon.

Our national history clearly shows that one of the great objects in abandoning the old Confederation and forming "a more perfect Union" under the Constitution was that the interests of the people in navigation, which were then imperfectly protected by the several States, might be more effectively protected and aided by National Government. In pursuance of this purpose Congress enacted in 1789 a law which provided that imports brought in ships not of the United States should pay a higher duty than goods brought in American vessels. Tonnage dues, light-house charges, and other regulations of commerce were also provided by various acts down to 1815, but without doubt the most effective of all these regulations was discriminating duties. American tonnage rapidly increased and the carrying trade, both coastwise and foreign, was in a highly prosperous condition.

At the close of the war of 1812-1815 our Government, anxious to restore complete amity with Great Britain, united in a policy of what was called maritime reciprocity, by which it abandoned those protective laws and left that portion of shipping which was engaged in foreign trade to open competition with the vessels of other countries, but enacted a law in 1817 which reserved the coastwise, lake, and river trade for American vessels exclusively. From that day to this the latter class has prospered, and its growth in tonnage has kept pace with the great internal development for our country.

Had foreigners observed entire good faith in carrying out the policy of reciprocity, possibly our over-seas shipping might have maintained its prestige indefinitely, but gradually their shipping agencies and marine-insurance companies established vexatious regulations which discriminated against American vessels, and after a while the Governments themselves granted bounties or subventions in the form of pay for carrying the mails, which placed our shipping at a great disadvantage. After steamers were substituted for sailing vessels, and later iron took the place of wood in their construction, American tonnage steadily declined and British tonnage rapidly increased. A brave effort was made to hold our ground by the establishment of the "Collins Line," to which for a time the Government paid a helpful, though inadequate, subsidy; but owing to political opposition this was unwisely withdrawn, and finally the American people settled down to the conviction that we could not successfully compete upon the ocean and gave their attention almost wholly to industries upon land.

Our tonnage continued large, however, long after the laws which gave it early strength had been repealed, and even long after foreign discriminations had sealed its doom, from which fact many people were erroneously led to think that the reason for its later decline was not that it did not have a fair chance, but that capital and labor were



so much more profitably employed in the development of our country that they turned away from the sea. Allowing all the force there is in this argument, the fact remains that men of capital and with maritime tendencies have always stood ready to engage in traffic upon the high seas if they could have the same national support that foreign vessel owners had obtained. Under such conditions they are ready now, but it is too much to expect that individuals or companies, or even combinations of companies, can compete with nations.

The bare statement of the fact that during the first forty years of our Government our vessels averaged to carry nearly 90 per cent of our commerce, and that now they carry less than 9 per cent of it, ought to inspire every patriotic American citizen with a desire and a determination that some efficient means shall be found by which we can regain, if not our lost leadership upon the ocean, at least our just share in the transportation of our own exports and imports.

#### COMMERCE GREATER THAN EVER.

Our commerce is vastly greater to-day than ever before. As stated by a recent writer: "In 1825, when American vessels carried 95.2 per cent of our exports and imports—which was high-water mark—our total foreign commerce was only \$180,927,643, or less than one-half of the dutiable imports alone in 1903. If discriminating duties and other regulations of commerce, operating upon only \$65,000,000 of imports, gave us then the lion's share of the carriage, what would not the same regulations accomplish if applied to nearly \$600,000,000 of dutiable imports?" Or, to state the case more forcibly still, what would not a discriminating duty on imports and a premium on exports in American vessels have accomplished if applied to the more than two billions of our over-seas commerce in the calendar year 1903? The question, therefore, is not whether the volume of commerce shall be made larger, but how we can best obtain our fair share of the carriage of the volume that is.

Two principal methods have been proposed and are now engaging some share of public attention. One is a revival of the early and successful policy of discriminating duties and other regulations of commerce, and the other is the payment of subsidies. Before the former could be entered upon it would be necessary to "denounce," as the language of diplomacy is, some 21 treaties or conventions with foreign states, which now bind us to a reciprocity that does not reciprocate; but as they contain provisions which make them terminable by either party on one year's notice, this obstacle could be cleared as soon as we could build the ships. Fears have been expressed that this policy would be regarded by other nations as hostile to their interests and that they might retaliate. But in the opinion of your committee any honorable attempt by one nation to promote its interests on land or sea can not be considered hostile or unfriendly to other nations. It is a right which everyone possesses and in various ways exercises, and while some of them might adopt similar methods, they would not be likely to disregard their interests to indulge a temporary feeling of resentment, and the impracticability of any combination against us needs only to be stated to be recognized as a conclusive answer to any appeal to our fears.

Without doubt the payment of subsidies at present meets more approval in shipping circles than the plan just discussed. For some

time this method has been the main reliance of other countries, and the very recent example of Great Britain, in loaning \$13,000,000 to the Cunard line for building two finer and faster steamers than are now afloat, and the payment to the company of a subsidy which will increase from about \$80,000 to \$250,000 a year during the term of the loan, in addition to interest and sinking fund requirements, shows at once what importance one great rival attaches to this method, and to what extent the liberality of our own Government would be challenged.

#### UTILIZE BOTH METHODS.

In the opinion of your committee it might be possible and desirable to adopt both methods; discriminating duties and other regulations and premiums on exports where there is already a large commerce, as between our ports and those of Europe, and subsidies or liberal mail pay where the traffic is small but offering prospects of growth, as between our ports and those of South America and the Orient. But it is not the province of your committee, or, as we conceive, of this Board of Trade, to recommend or discuss systems. That is a question for experts and for statesmen, after inquiring into all the conditions pertaining to the business. And it is not, or ought not to be, a political question, because there can hardly be two opinions as to the desirability of doing something to promote the object and doing it as soon as the best means are clearly discovered.

In his recent annual message President Roosevelt recommended the appointment of a commission to study the subject and make an early report to Congress. In accordance therewith, Representative Gardner, of Massachusetts, has introduced a bill to provide for such a commission. Without expressing any opinion as to how the commission should be constituted, your committee thinks the creation of a commission is the first desirable step to take, therefore we suggest the adoption of the following resolution:

*Resolved,* That the Boston Associated Board of Trade earnestly desires a restoration of the American merchant marine, and that this may be brought about in a speedy and effective manner, it respectfully petitions Congress to approve the recommendations of the President that the commission may be appointed to investigate and report on the best methods to be adopted for the attainment of that end.

In addition to the need of matching in some way the aid which foreign governments extend to their shipping, there is another powerful argument for action by our Government, and that is the higher wages and the better keeping of our sailors as compared with theirs. It appears, for example, that the American liner, *St. Louis*, employs 380 men at a cost of \$11,306 a month, while the *Kaiser Wilhelm der Grosse* employs 500 men at a cost of \$7,715 a month. The average pay per man on the American steamship is \$29.75 a month; on the German liner only \$15.43, or less than \$1 above one-half the American wage. Good wages and a high standard of living constitute a distinguishing feature of our civilization, and it should be maintained upon the sea as well as upon the land.

Although this shipping question is one in which the maritime States are primarily interested, and in the settlement of which Boston as the second port in the country is entitled to exercise a larger influence, yet it is gratifying to observe that the most enlightened public opinion throughout the States of our vast interior is earnestly in favor of

national aid to what is rightly regarded as a national and not a sectional interest, and this fact makes it highly opportune to press the subject for an early solution.

Respectfully submitted.

EDWARD B. WILSON.  
C. M. GOWEN.  
GEORGE F. KELLOGG.  
GEORGE F. SCHRAFFT.  
CHANDLER W. SMITH.  
ISAAC CHASE.  
HORACE M. BICKFORD.  
JACOB MITCHELL.  
WALTER F. CUSHING.  
J. W. HOFFMAN.  
GEORGE F. DANIELS.  
E. NOYES WHITCOMB.

#### A FOREIGN OPINION.

Mr. CLARKE. Now, if I may be indulged a moment longer, I desire to call attention to a foreign opinion on this general subject. Sir Guilford Molesworth, of England, who is a very eminent economist and statesman, in a recent article made this point:

"A favorite argument of the opponents of fiscal reform is found in the assertion that 'England owes her maritime supremacy to her policy of free trade, and that the decline of American shipping is due to the policy of protection.' Those who make such an assertion must be ignorant of the following facts:

"(1) England gained her maritime supremacy under a policy of stringent protection.

"(2) Under a protective policy the marine of the United States grew and prospered so greatly that it became a formidable rival to that of England.

"(3) The foreign shipping trade of the United States is not protected, and its decline is due to the abandonment of protection.

"(4) As regards its shipping, the policy of Great Britain is far more protective than that of the United States.

"To deal with these points in detail—

"(1) England owes its maritime supremacy to the navigation laws which destroyed the supremacy of the Dutch; protective laws which, as an act of defence, Adam Smith designates: "Perhaps the wisest of all the commercial regulations of England \* \* \* as wise as if they had been dictated by the most deliberate wisdom."

"Cossa, the Italian economist, allows that 'at certain times, and under certain conditions protection has given notable advantages to industrial organization and progress. Colbert's system and Cromwell's navigation act contributed not a little to the economic greatness of France and England.'

"(2) Under the protective policy of discriminating duties in favor of their shipping the United States acquired a magnificent marine, with a Britain, becoming a serious rival to our commerce.

"In 1825 Senator Webster, speaking of the United States marine, said:

We have a commerce which leaves no sea unexplored; navies which take no law from superior force.

"The Times in May, 1827, wrote:

"Our commercial monopoly exists no longer. We have closed our Western Indies against America from feelings of commercial rivalry. Its active seamen have already engrossed an important branch of our carrying trade to the East Indies. Her starred flag is now conspicuous on every sea and will soon defy our thunder.

"(3) In 1828 the United States passed an act which withdrew all protection from their foreign shipping trade, opening their ports to the ships of all nations, thus abandoning the policy which had been so successful. Only the coasting trade of the United States now enjoys the advantage of protection. From that date the percentage of the United States carriage of their foreign trade steadily declined from 88 per cent in 1828 to 66½ in 1860. Then came the civil war to give the finishing stroke. The percentage had fallen in 1870 to 35½ per cent, and in 1900 to 10½ per cent. The civil war forced the shipping to seek protection under a neutral flag and it has been estimated that vessels representing about 2,500,000 tons were transferred to foreign flags, principally English.

"Mr. McKinley urged the necessity of a return to a protective policy in the following words:

We must encourage our merchant marine. We must have more ships. They must be manned by and owned by Americans. \* \* \* The policy of discriminating duties in favor of our shipping which prevailed in the early years of our history should be again promptly adopted by Congress and vigorously supported until our prestige and supremacy on the seas are fully attained. A new protective shipping bill has been prepared.

"(4) Although the navigation laws of England were abolished in 1849 her shipping laws were revised in 1854, with a decidedly protective tendency. Taxes were abolished, fees reduced, restrictions removed, and drawbacks allowed on ships' supplies. In addition to this the enormous subsidies paid for mail contracts—the naval reserve subvention policy and the protection given to vessels sailing under the British flag—afford immense advantage to our shipping. Moreover Lloyd's regulations, British insurance discriminating against foreign ships, and our tonnage rules all tell against American shipping.

"It is evident, therefore, that the decline of American shipping has not been caused by protection, but by exclusion from that protective policy under which the home industries of the United States have made such marvelous progress."

I believe, Mr. Chairman, that is all I need to submit to give a fair idea of these varying opinions.

#### COLONEL CLARKE'S OWN VIEWS.

Senator MALLORY: You have not indicated your own opinion.

Mr. CLARKE. I have not as yet, Senator.

I do not claim, Mr. Chairman, to be expert on this subject, and my opinion may not be of very much value. I have studied the question only two or three years, and it is necessary to study it a good deal longer than that to make mastery of it.

But since I am honored by the Senator's inquiry, I will state briefly that I favor any method upon which Congress can agree that will tend to upbuild our merchant-carrying trade. I think, as Mr. Winsor has said this morning, that direct mail subsidies for regular lines may be

the speediest and most effective cure for the evil that exists, and I think discriminating duties and other regulations of commerce for the indirect trade would be desirable, if they would not cause troublesome foreign complications, owing to the commercial agreements that exist between this Government and 21 or 22 foreign governments. But as all those treaties are terminable by their express language within one year, of course it would be competent for our Government to denounce those treaties at any time when its own interests might seem to require.

I do not think foreign governments or foreign people could object to any course which this Government might see fit to pursue for the protection and advancement of the interests of this country.

Senator, have I covered the ground?

Senator MALLORY. I think I understand your position.

THE CHAIRMAN. As a matter of fact, I believe there are over thirty of those commercial agreements.

Mr. CLARKE. I have recently seen a list—in fact I obtained one from the Secretary of State. I have an impression the number is a little less than that.

### STATEMENT OF R. R. FREEMAN.

R. R. Freeman appeared before the Commission.

The CHAIRMAN. State to the Commission, if you please, in what business you are engaged.

Mr. FREEMAN. I am engaged in the shipping business—the managing of vessels. I have one in the foreign trade and the balance in the coastwise trade.

Mr. Chairman and gentlemen, it is a well recognized fact that the foreign shipping of this country amounts to nothing, and it is self-evident that until Congress provides some method by which capital can be assured of a suitable return upon its investment the capitalists of this country will not put their money into the shipping trade.

The only way by which it can be built up is by investing capital entering upon it. But until Congress provides a method by which capital can be assured that it will get a certain return for its money our shipping for the foreign trade will not be built up. Whether it should be by subsidy, differential or discriminating duties, is a question in my mind. But some method should be undertaken at once, so that the confidence of the investing public may be secured.

I have one vessel in the foreign trade, and the returns from that trade have been so small for the last few years that it is impossible to get any capital to invest in it. Our wages and scale of provisions are so much higher than those of foreign nations whose vessels engage in the same kind of trade that we do not, from the same amount of freight, get the same returns on the capital invested that the vessels of those countries do.

I think the wages of the American captain are at least 25 per cent, if not more, greater than the pay of a captain on the same class of vessel engaged under the Norwegian or German flag and possibly under the English flag. And the wages of our officers are alike more and of the crew more. If we go to Buenos Ayres we ship a crew here for \$20 a month, and if they leave down there we can get a return crew for \$15 a month, but the scale of provisions is the same. So it costs us more to feed those men to-day either outward or homeward.

## LAWS SHOULD BE CHANGED.

In the coastwise trade I think there are numerous navigation laws which should be amended. I have been before the committee in Washington several times in opposition to any changes in the law of the last few years. I feel that the ships should have the same right to discharge the crew as the crews have of leaving. Very often a vessel chartered from here will ship a crew from here to Gulfport and back to Boston, or wherever her port may be. On the arrival there the master of the vessel finds business much better in some other direction. He can not discharge that crew. They can either make you pay their passage back or else demand and receive two months' extra wages, whereas if they want to leave the ship you have absolutely no claim upon their services.

I have had several cases here. Once last year, or the year before last, where I had a vessel in Bath, loaded with ice for Key West, a perishable cargo, I sent two crews from here, and the moment they arrived in Bath they said, "We will not go." Then we had to go to the expense of \$125 to tow the vessel to Boston before we could get a crew to go aboard of her, and they went the voyage.

The same thing happened also in Portland, where a vessel was loaded for Buenos Ayres. We shipped a crew and sent them down there. The moment they got down there they left, and we had to send either two or three crews down there before we could get one to go aboard the vessel and stay there. There is absolutely no redress.

Very often in the port of Boston a crew will go aboard, and by adverse winds we will be detained from sailing anywhere from three days to a week, and about the time a fair wind comes they will leave, and you have to lose the fair wind while you are getting another crew.

Representative MINOR. That made three crews for one vessel?

Mr. FREEMAN. Yes, sir; at Bath, and two for the other.

Representative MINOR. Was any special reason given for deserting?

Mr. FREEMAN. One of the vessels had aboard a colored boy whom the captain had brought from the West Indies, and they would not go with him. He was not a union man. The captain discharged the boy, and then they said they would not go.

Representative MINOR. That is in the coasting trade?

Mr. FREEMAN. That was going to Key West. The Portland vessel was bound to Buenos Ayres with lumber.

Representative MINOR. We are quite anxious to have suggestions from practical gentlemen as to remedies for that evil.

Mr. FREEMAN. I have heretofore been before committees in Washington, and I met you on a committee on one of those occasions.

Representative MINOR. I do not remember your special views.

## TOO LITTLE CONTROL OF SAILORS.

Mr. FREEMAN. I was very much against giving the men the right to leave after they had signed for the voyage. I think when they have entered into a contract to go a voyage, they should be compelled to go that voyage unless, because of the vessel being unseaworthy or something of that kind, they can get out of their contract. But I believe, and I think it is the opinion of all the owners of tonnage on this coast, that a crew should be kept to its agreement. As I say, they

leave now whenever they want to. You may ship a crew to Fernandina, Brunswick, or Jacksonville, to load a cargo of lumber, and you ship them for the round voyage. They are taken out down there by some of the sailor boarding-house keepers or runners, and often we have to pay \$35 for the run back to Boston, and then it is a little hard to get the men.

Representative MINOR. Would you suggest imprisonment for the violation of a contract under those circumstances?

Mr. FREEMAN. Yes, sir; I would most assuredly.

Representative MINOR. That would make the sailor an exception to the law applying to the general mass of our people.

Mr. FREEMAN. I think the trade is different. I think the vessel trade is a distinct trade, and the owners are not in a position where they can hire men the same as a factory or any corporation that is on shore.

Senator MALLORY. If you were to succeed in getting Congress to pass an act to compel sailors to carry out their shipping contracts, you would not want the right to discharge them at the will of the master? You said a while ago that you thought he should have the right to discharge them.

Mr. FREEMAN. If you give the sailor the right to leave, you should give the captain the right to discharge him.

Senator MALLORY. You can not compel the sailor to stay.

Mr. FREEMAN. But he can compel the ship to carry out its contract. If they are going to have the right to leave, we should have the right to discharge them at any time.

Senator MALLORY. How would that better things? It would not remedy the evils.

Mr. FREEMAN. Certainly. If we are going to lay in a port a month, if we get clear of those sailors we save a month's wages, but under the law we can not get rid of them—

Senator MALLORY. The trouble you complain of is that the crew, when you want them, quit. The right to discharge them would not help you in getting another crew.

Mr. FREEMAN. We can always get a crew, but when they have gone away we are in a position where we have to pay higher wages. The men are in the charge of boarding-house masters down there. They create a price which is too high. There is no money in paying \$35 for men to come from Brunswick to Boston, when the trip may be made in five days or in ten days at the outside, whereas the regular wages would not be over \$10.

Senator LODGE. You think that both ought to be free or both ought to be bound?

Mr. FREEMAN. Either both ought to be bound or both ought to be free.

#### WHY WAGES ARE SO HIGH.

Senator MALLORY. What is the reason you ascribe for the extravagant rate of wages paid upon American ships as compared with foreign ships?

Mr. FREEMAN. I think they are banded together to a larger extent here than they are in foreign ports. They have a scale of wages which is put into effect, especially on coastwise vessels, by unions, and they are practically under the domination of those men.

Senator MALLORY. You think the unions are the cause of it?

Mr. FREEMAN. I think they have been largely the cause of our troubles in the past few years.

Senator LODGE. Does not the scale of wages on shore have something to do with it?

Mr. FREEMAN. Yes, sir; to some extent, but I think the wages in the last few years have been higher than the return on the investment would warrant.

Senator MALLORY. Have wages in the coastwise trade increased much in the last ten years?

Mr. FREEMAN. They have, very decidedly.

Senator MALLORY. They have?

Mr. FREEMAN. Yes, sir.

Senator MALLORY. Do you know to what that is ascribable?

Mr. FREEMAN. A demand for higher wages and a refusal to go at less.

Senator MALLORY. Why is that? That is what I want to get at.

Mr. FREEMAN. I can not tell the reason, except that the men have banded themselves together to get higher wages, and the owners have been forced to concede their demands largely. It is only in the last few months that we have been able to get——

Senator MALLORY. Do you find that those high wages, or those excessive wages, if I may use that expression, prevail in all our ports? Are there not some ports in the United States where you can get seamen at a lower rate of wages than in others?

Mr. FREEMAN. At different seasons of the year in the southern ports you can get them at a lower rate, because the men are south and want to come home. Take the months of April and May. The sailors want to get north, and they will come up for a short time at a lower rate of wages. As against that, if we want to go south in the summer we have to pay a higher rate of wages, because the sailors do not want to go south in summer.

Senator MALLORY. Something, then, depends on the voyage; whether it is a voyage going north or a voyage going south?

Mr. FREEMAN. Yes, to a very limited extent. But now they have a regular schedule of wages for vessels of 500 tons and over.

Senator MALLORY. Who establishes that scale of wages?

Mr. FREEMAN. It comes directly from the union here in Boston.

Senator MALLORY. That is in Boston, but how about Gulfport, Miss. Do you know anything about that?

Mr. FREEMAN. The boarding-house men regulate it.

Senator MALLORY. Have they a sailors' union down there?

Mr. FREEMAN. I do not think they have. The sailors' union does not affect foreign trade to any extent.

Senator MALLORY. But it does the coastwise?

Mr. FREEMAN. The coastwise trade. I do not know whether they have a branch there or not. I should suppose not, because it is practically a new port. It is a port which has come into the market within the last four or five years. It is the terminus of the Gulf and Ship Island Railroad, and they have made special efforts to boom the port, as it were. It is one of the best of the southern Gulf ports, and one of the cheapest southern ports, too. But the bulk of the coastwise trade is between Boston, New York, Philadelphia, Baltimore, and Newport News.



## STATEMENT OF EDWIN F. ATKINS.

Edwin F. Atkins appeared before the Commission.

The CHAIRMAN. Will you first state to the Commission what your line of business is?

Mr. ATKINS. For present purposes it is sufficient to state that I am engaged in the importation and exportation of merchandise. My interests are varied, but do not include any ship-owning interest.

The CHAIRMAN. The Commission will be glad to hear any views you may wish to present.

Mr. ATKINS. Mr. Chairman and gentlemen, many years ago my house was the owner of ships. As they wore out we did not replace them, owing to the conditions that have prevailed. I will not go over the ground which others have already exhausted, but will merely confine myself to one point—the cost of building.

All my merchandise is carried, and it has been for a good many years, in foreign bottoms, because I can charter those vessels much cheaper than I can operate my own under the American flag. I could, of course, build those ships in England, but we would have to operate them under the British flag.

The great difference in cost to-day between shipbuilding abroad and here in the United States, I believe, is due to the fact that the raw material, the steel plates and steel frames, are sold abroad so much below the cost in this country.

Senator LODGE. Can we not import steel for shipbuilding purposes free under the tariff law? Can we not, in fact, import all ship materials free?

Mr. ATKINS. Yes, for shipbuilding, but, as I understand, when that material goes into a ship she can not do a coasting business.

Representative MINOR. That is right.

Mr. ATKINS. And very soon she can not do Philippine Island business. Nobody wants to build an American ship unless he has the privilege of the coastwise business.

## URGES TARIFF REDUCTION.

I have had occasion within a very few days to buy some plates for shipment abroad, putting them up in a foreign country. It led to my looking up the cost. The cost to-day of those steel plates delivered here in Boston is approximately \$39.50 a ton. The English Engineer, issued on the 13th day of May, quoted those same steel plates in Liverpool at \$27.33 a ton. There is a difference of \$12 a ton. If you will figure that out you will find that the difference is just about equal to the duty and the freight to import them.

A friend of mine in New York received a request six months ago to get the lowest price of Carnegie steel plates. He looked it up very carefully. It was for a royal mail steamship line in one of the European countries, and he wrote them the bottom price. They replied that they were very much obliged, but they could buy the same plates in Liverpool for \$12 a ton cheaper, just the figures I give you to-day.

There are many ways of equalizing the cost of building between this country and abroad, or the Government can step in, as has been suggested, and pay the loss of operation. It seems to me before we

can establish a merchant marine—I am not speaking of coasting vessels, for we are sure of the coasting business—we must go to the bottom of things. We must make a reduction in our high tariff, in the steel schedules to begin with, and in other articles entering into the ship-building business.

I hope the reporters will not put that statement into the papers until after November, because I am a good Republican and expect to vote the Republican ticket. But that, gentlemen, is the trouble. That is the bottom of the difficulty here.

#### MATERIAL A MINOR FACTOR.

Senator LODGE. Mr. Atkins, how much difference in the total cost of a ship does the difference in the price of steel make?

Mr. ATKINS. I am using the article of steel because it is the leading article in the construction of a ship.

Senator LODGE. How much difference does it make in the total cost of a ship?

Mr. ATKINS. I have not looked into the actual cost of building here and abroad.

Senator LODGE. Admiral Bowles testified in New York that the difference in the price of steel in the total cost of a ship was less than 5 per cent.

Mr. ATKINS. I think that must be a mistake. I can not understand that.

Senator LODGE. He is supposed to be a practical shipbuilder.

Mr. ATKINS. In the cost of the steel?

Senator LODGE. He said that in the total cost of a ship the difference in the cost of steel amounted to only from 3 to 5 per cent.

Mr. ATKINS. I can not understand that at all.

Senator LODGE. He thinks the great difference in shipbuilding comes from the price of labor in shipyards, and that is the uniform testimony of every shipbuilder we have heard.

Mr. ATKINS. Here is the actual price, if you will allow me to diverge for a moment.

Senator LODGE. There is no dispute about the difference, but the question is how much that difference makes in the total cost of the ship when done.

Mr. ATKINS. The difference in the total cost of the ship when done, as I get it from friends much more competent to judge than I am, is this: A ship of equal tonnage and equal quality can be built over there for about 65 per cent of what she can be built for here.

Senator LODGE. Admitting that, or whatever it may be, the best experts say that of that difference only 5 per cent is attributable to the difference in steel.

Mr. ATKINS. I can not explain where that difference comes in, but I know there is an actual difference in steel plates——

Senator LODGE. We are all aware of that. We have had the price of steel given again and again.

Mr. ATKINS. The difference is \$12 a ton.

Senator LODGE. The question is how much it amounts to in the total cost of the ship.

## MACHINERY FOR EXPORT.

Mr. ATKINS. That the Commission is more competent to figure out than I am, because it can get the weight of the material entering into the ship.

I buy a good deal of machinery—steel goods for export. Last fall I had occasion to place some orders, and I was astonished at the high price of steel in this country as compared with abroad. I placed quite an important order in Glasgow for heavy sugar machinery, 22 per cent below the lowest bid I could get in this country from a number of bidders. After that machinery was delivered I met the seller. It was the first time I had ever met him. He is one of the largest manufacturers in Europe. He is a very well-known man. We were dining together, and incidentally we were speaking about the Chamberlain policy.

He told me that while theoretically he favored that policy of a discriminating duty against foreign goods, practically he was opposed to it, "for," he said, "Mr. Atkins, as long as I can buy my material in the United States cheaper, by many dollars per ton, than your own manufacturers can get it, I can sell machinery to Cuba; I can sell machinery to all the South American States and British colonies at far below the cost of any of your manufacturers."

One of our best manufacturers in Boston, a man with whom I have dealt for years, solicited orders for steel goods from me. I told him it was impossible to give him any orders, owing to the difference in raw material, and that I must place those orders in Europe. He went to work on the matter, and the result is that to-day any manufacturer of steel or iron goods can buy his raw material to go into goods to be exported and get \$5 a ton drawback upon them, not from the Government, but from the foundries and the big corporations.

Now, when that duty on steel was established years ago it was necessary. I believed in it. But the day for that necessity has passed. The only excuse to-day for keeping this high tariff, this extremely high tariff, upon steel is to enable the steel men to pay dividends on watered capital. There is no other reason. When you want to establish a merchant marine you must equalize the cost between the United States and Europe, and if you wish, you can equalize the cost by reducing the extremely high tariff on shipbuilding materials.

The CHAIRMAN. Can we do it without reducing American labor to the European standard?

Mr. ATKINS. I think so.

The CHAIRMAN. I do not see how. I think that would be difficult for you to explain.

## AMERICAN LABOR TOO HIGH.

Mr. ATKINS. I think American labor is altogether too high.

The CHAIRMAN. Oh!

Mr. ATKINS. Take the wages of our seamen. The Swedish or Norwegian sailor under the American flag will get \$30 or \$35 a month. Under his own flag, shipping from the same port, he does not expect more than \$13 or \$14 a month. I do not think that is right.

The CHAIRMAN. Are you in favor of building up American shipyards and American establishments by reducing labor?

Mr. ATKINS. Where American labor is extremely and unreasonably high.

The CHAIRMAN. Is it extremely high in your judgment?

Mr. ATKINS. It is. It has got to come down, but that will not be a matter of legislation. It will regulate itself.

The CHAIRMAN. Do you think that, relatively, the workingmen make a greater profit than you do in the sugar business?

Mr. ATKINS. Yes, sir; in proportion to their capital.

The CHAIRMAN. Their capital is their muscle and their brains.

Mr. ATKINS. Yes. I say that matter will regulate itself. It does not require legislation. It will be regulated by the law of supply and demand.

The CHAIRMAN. You say the difference between building abroad and here is 65 per cent?

Mr. ATKINS. I do not state that it is 65 per cent. I said the opinions I get from others indicate that it is about 65 per cent.

The CHAIRMAN. Admiral Bowles, who is at the head of the Fore River Ship and Engine Company, Quincy, Mass., says the difference in cost on account of steel is 5 per cent. How are you going to get rid of the other 60 per cent?

Mr. ATKINS. Mr. Winsor gave some figures here a little while ago. I do not remember what they were, but I think they were about 65 per cent.

Mr. WINSOR. No, sir.

Mr. ATKINS. He can explain that better than I.

Senator LODGE. Nobody questions the total difference. It has been testified to as being all the way from 30 to 80 per cent. The question is how much is due to the difference in the cost of steel.

Mr. ATKINS. That I can not give you.

Senator LODGE. Admiral Bowles testified that about 5 per cent was due to the difference in the cost of steel.

Mr. ATKINS. I suppose if steel is \$12 a ton cheaper there, which is 33 per cent of the cost here, that in the cost of a ship it would make a greater difference than 5 per cent?

Senator LODGE. I am not an expert on it.

Mr. ATKINS. I am not an expert, either, and I can not answer questions in regard to the detail.

Senator LODGE. But assuming that we have the steel duties reduced, do you think that would solve the entire difficulty as to shipping?

Mr. ATKINS. I do not think it would solve the entire difficulty, but I think the other difficulties would solve themselves.

Senator LODGE. We are, of course, interested entirely in ships in foreign commerce. Those ships can be built of foreign steel, of the cheapest steel that can be bought.

The CHAIRMAN. Without duty.

Senator LODGE. Without duty or by rebate of the duty. All materials entering into the building of a ship to be used in foreign commerce are free. How does the change you propose help it there?

Mr. ATKINS. Take Mr. Winsor, perhaps, who is running ships to the Philippine Islands. I should suppose in building ships he would want to know that he could operate his ships to the Philippine Islands. After that becomes coastwise trade he can not do it.

Senator LODGE. I am not discussing the coasting trade, because that is a monopoly to Americans. What we want to build up is the foreign

trade, and in that trade all ship material can be imported free. Now, does not the trouble lie somewhat deeper than the cost of material?

Mr. ATKINS. Material is free, Mr. Chairman, but the cost abroad is based upon the export price from the United States after they get the drawback. If it was not for that difference—if it was not for the drawback that is given here by the manufacturers—the cost abroad would be very much greater. You take \$27 a ton there. Bring that material back here again, and I do not think you can put it into the ship at a saving.

Representative MINOR. It is only a question of freight.

The CHAIRMAN. It is only a matter of transportation; that is all.

Mr. ATKINS. I will not take the time of the committee further.

#### THE EXPORT REBATE.

Senator MALLORY. Excuse me a moment. If I understand you aright, you say that we are shipping manufactures of steel to England and selling them there at a rate \$5 per ton less than the home rate?

Mr. ATKINS. Yes, you can now get a drawback from the United States Steel Corporation of \$5 a ton on all goods that enter into manufactures to be exported, upon presenting a proper certificate of landing in a foreign country.

Senator MALLORY. Do you know whether that covers steel plates for shipbuilding?

Mr. ATKINS. It does; all materials; and if \$5 is not enough, you can probably get more. Now, as long as the Englishmen can build under those conditions they are going to take advantage of it, and I see no way of competing.

Senator MALLORY. I understood you to say that you had some interest in ships some years ago.

Mr. ATKINS. Some years ago.

Senator MALLORY. If you wanted to build a ship do you not think you would be deterred somewhat from building her, even though you could put her under the American flag in the foreign trade, if you were unable to put her under the American flag in the coastwise trade?

Mr. ATKINS. Undoubtedly.

Senator MALLORY. You would not care to own a ship which you could use under the American flag in a halfway capacity only?

Mr. ATKINS. Certainly not. Many ships have to make triangular voyages, bringing cargo from Cuba to New Orleans, and going around to New York; and the vessels you refer to can not carry cargo between one domestic port and another under those conditions.

Senator MALLORY. You think, then, that the fact that you can get your materials free, but can not put the ship in the coastwise trade, is not much of an incentive to build a ship?

Mr. ATKINS. No; it does not seem to be an incentive, and the best proof of it is that ships have not been built under these conditions. They had the opportunity. I think very few ships have been built under those conditions.

Senator LODGE. Suppose ships were to be made free—free ships. Do you not think it would be demanded that those ships should be admitted to the coastwise trade?

Mr. ATKINS. Undoubtedly. That is the only way of settling it.

The CHAIRMAN. You are in favor of that?

Mr. ATKINS. I am not if you can find a better method. I think the reduction of duties is a far better method, and that will enable the shipbuilders to build ships here.

#### LOWER DUTIES, LOWER WAGES.

Representative MINOR. You favor a reduction of duties and a reduction of wages to sailors?

Mr. ATKINS. A reduction of extremely high duties, such as the steel schedule.

Representative MINOR. How about wages?

Mr. ATKINS. I do not propose to legislate about wages. I suppose wages will regulate themselves the same as all things regulate themselves.

Representative MINOR. Did you not state that American labor is very high, and the cost of operating a ship depends, of course, upon the wages paid to American seamen?

Mr. ATKINS. It is very high.

Representative MINOR. Too high, you thought?

Mr. ATKINS. Very high; too high to do any business; and when it comes to that point, business stops and wages come down. The railroads of the United States within the past thirty days have discharged nearly one hundred thousand employees. That is the first step to the reduction of wages. That is a matter you can not regulate by legislation.

The CHAIRMAN. The Commission will now take a recess until 2.30 o'clock this afternoon.

Thereupon (at 1 o'clock p. m.) the Commission took a recess until 2.30 o'clock p. m.

#### AFTER RECESS.

At the expiration of the recess the Commission resumed its session.

#### STATEMENT OF HENRY W. PEABODY.

The CHAIRMAN. Is Henry W. Peabody present?

Henry W. Peabody appeared before the Commission.

The CHAIRMAN. Kindly state to the Commission what your business is.

Mr. PEABODY. I am in the general commercial business with foreign countries and have been all my life.

The CHAIRMAN. You are familiar with the scope of this inquiry, I presume?

Mr. PEABODY. I think I am, sir.

The CHAIRMAN. Mr. Peabody, the Commission will be pleased to hear your views on the subject.

Mr. PEABODY. The nature of my business has required me for the last forty years and more to charter vessels for the export of merchandise, and also for the import of merchandise, and I have deplored as much as anybody can the decay of our commerce, of which I have been constantly aware. I have always been desirous that our merchant marine should be re-created, but not until 1896 did I commence to take a legislative view of the subject.

My attention was then called to the subject by the declaration in the Republican platform in favor of discriminating duties, which I

believed to be a pernicious method of endeavoring to accomplish a re-creation of our merchant marine. It was not appropriate to agitate the subject at that time, or until after the election. I was deeply interested in the election of President McKinley, and I had arranged, if he was elected, to go to Australia, and I went. But before leaving I wrote a letter to President McKinley, stating to him my objections to the method proposed by the platform and urging that he should not recommend it in his message. I then stated to him my objections in a few words. I will read just one sentence which I have to-day copied from the letter:

"I venture to express my utter dissent and objection to the proposed plan to build up a dead industry, the building of ships for foreign trade, by choking the commerce which uses them."

I have progressed since that time, but this was my positive expression. "I have for years believed that the American ownership for foreign trade might be coaxed into being by a different course, the opportunity to buy the best in the cheapest markets of the world for a term of years, to be limited to foreign business, and to be free of all tax as property. Not under private ownership but corporate, for the customs of to-day do not require that a merchant shall own any vessels."

The President did recommend discriminating duties, but it was a dead issue for the next two years.

When Congress opened in December, 1898, I was in London attending to business there, and then President McKinley recommended a new measure for the re-creation of the merchant marine—the application of a subsidy—and, to hasten results, the admission of vessels of foreign build, coupled with the obligation to duplicate the tonnage in this country. I was able to see the effect that that had upon the business community of England, and I appreciated that it was a very far-reaching and wise recommendation.

On the 9th of December I cabled to the President my approval of and belief that such a measure would re-create the merchant marine. I sent a cable to our Senator, Mr. Lodge, and to the Secretary of the Treasury, urging the same action.

#### A STRONG ADVOCATE OF SUBSIDY.

From that time to this I have been a strong advocate of subsidies and strongly desirous of re-creating the merchant marine generally upon that principle, which I heartily accepted and believe in now.

But I am aware that changes have come in the last few years, and that what might have been possible six years ago would not be so feasible to-day. I am quite ready to accept the application of the same stimulus upon different conditions, and since it is the desire of the shipbuilders to eliminate foreign vessels I have no desire to urge that they should be admitted. But I am strongly in favor of the passage of a subsidy measure, because I think it is the only way to create something which we have not got.

I believe that the subsidy elements of the Payne bill and the Hanna bill and the Frye bill were substantially upon good lines—the granting of a mileage subsidy to vessels according to their speed and according to the distances traveled, and also mail subsidies. I believe if a system of that sort could be established, the tonnage of the United States would materially increase.

## AGAINST DISCRIMINATING DUTIES.

I need not say very much more in favor of subsidies when I say I fully approve of them, but I should say something in regard to my reasons for disapproving of the other principle which has been advocated by many here to-day—that is, discriminating duties. I do not believe it is a good plan to charge a penalty for what is not done, when we may pay a premium for what is done. Suppose we were to commence to discriminate by a differential, as some have said, of ten per cent, or, as others have said, of five per cent, upon our imports.

Five per cent would be a sufficient enormity. Upon \$800,000,000 of imports it would involve an expense of \$40,000,000, which is five times as much subsidy as was considered in the Frye bill. In 1901 we imported in American bottoms but \$93,000,000 out of \$776,000,000 of imports. The amount of imports exempt from discriminating duties would be only \$93,000,000, the differential thereon aggregating about \$4,500,000; and we can all see that if that was exempted, it would simply be a tax in another form, because the American ships would exact the larger part of the five per cent duty in their enhanced rates of freight.

My thoughts naturally turn to hemp, of which I am a large importer. It is on the free list. Manila hemp at the present time is worth about \$180 a ton. Five per cent upon that value would be \$9 a ton, which would be just about the amount of the freight from the Philippines to this port, and a 100 per cent rise in the freight would be no more than the shipowner would exact if he had the absolute monopoly. It amounts, in other words, to the consumer of hemp, to nearly a half a cent a pound, which would be a great handicap in competing with other countries that manufacture cordage.

Senator LODGE. You are assuming that in order to make discriminating duties operate, with anything like fairness the Government must impose a duty on articles now on the free list?

Mr. PEABODY. I have assumed that.

Senator LODGE. I think you are right about it. Where you could not make a reduction in favor of the article imported, you would have to impose a duty upon the article when brought by a foreign carrier.

Mr. PEABODY. I suppose the same principle would apply by the reduction of duties on goods brought in American vessels.

Senator LODGE. On dutiable goods.

Mr. PEABODY. On dutiable goods.

It is not my province to discuss the legality of this measure, but I think I may say that I have heard through many years opinions expressed by our leading Senators and by eminent counsel, such as ex-Senator Edmunds, that discriminating duties are in conflict with our treaties, and that there is no objection to the subsidy system, and when we see European countries paying subsidies to their ships with good results, I do not think we should hesitate about adopting a similar rule for our own navigation.

It is a reasonable thing for the people of the United States, as a whole, to pay for our disability. We are not on equal terms with other countries in the matter of building or running ships. We know it. It is not the place of our commerce itself to be burdened with high rates of freight to obviate that disadvantage, but it is the proper thing for the Government of the United States to institute a system



of bounties which shall induce American citizens to build and run, and compensate them for building and running, American ships in competition with the world. I should deplore very much seeing our commerce put upon fictitious rates in order to pay the cost of running the ships.

#### BETTER FREIGHTS UNDER A SUBSIDY SYSTEM.

Senator MALLORY. You think if American ships were the only ones which brought European products it would be bound to follow that freights would be put up by American shipowners?

Mr. PEABODY. I am sure they would be. They do not gainsay that themselves. They would be foolish if they did not take advantage of it.

Senator MALLORY. Whereas, by a subsidy system, you would have the competition of the world?

Mr. PEABODY. They would have to take freights at current rates, except coastwise, and it is likely, in the course of a couple of years, that the Philippines will be put on that basis.

Senator MALLORY. Have you considered, with reference to this matter, the feature of allowing European vessels to bring the products of their own countries to the United States without any discrimination, confining the discrimination to the indirect trade?

Mr. PEABODY. That was done in former years, but the custom of the world's commerce to-day is to disregard the flag of the vessel. I do not know of any nation that carries out that principle now.

Senator LODGE. Make no distinction between direct tonnage and indirect tonnage?

Mr. PEABODY. No, sir. The less we run counter to general rules of commerce, the better for the American people. It may be a little more difficult to legislate in favor of a subsidy, but it is a good thing to try hard for, and I fully believe in it. I desire very much that it shall be accomplished, and if such a measure is put up, without any elements in it which render it necessary that I should not be in favor of it, I would most heartily support it.

#### AS TO PREVIOUS BILLS.

Senator MALLORY. I noticed that you indorse the principle of the Hanna-Payne bill. That provided for a subsidy based on tonnage and speed, both.

Mr. PEABODY. Yes, sir.

Senator MALLORY. That is, the subsidy under the first head was based on tonnage and speed both.

Mr. PEABODY. Yes, sir. There were elements in the Hanna bill which I liked better than the Frye bill. It went back to the recommendations of the President. His recommendation was to apply the principles according to which the *St. Louis* and *St. Paul* were built in this country upon the admission of the *Paris* and *New York*. There were equal tonnage and equal quality after they were admitted. They were in just as good a position to realize a hundred per cent bounty as the American-built vessels were; but when the Frye bill was introduced, while it required the building of equal tonnage, it gave only 50 per cent of the aid to the foreign-built ship, and the Frye bill cut it down still further in other ways; but my principal objection to the

Frye bill was that the privilege of registry of foreign ships, with agreement to duplicate the tonnage in our yards, was not opened to the public, but was limited to a few companies in New York, who already owned about 318,000 tons of foreign steamers.

There was another feature to which I particularly objected—that they were throwing down the bars to ownership. There was a clause in the bill which provided that whenever the word “citizen” was used in those bills it should be understood to mean a citizen of the United States, or corporations formed under the laws of the United States, or under the law of any State or Territory, or of a foreign country. I considered that that was practically allowing our flag to be used as a cover for foreigners, even, to own vessels; and heretofore we have been as careful to guard ownership as we have the admission of vessels to American registry.

Another thing to which I objected was that the speed basis for realizing the subsidy was based upon a trial trip by the steamer. The subsidy was to run for a twenty-years’ term, and I advocated that the steamer should be paid for what she did, not what she could do out on a trial trip, when she was new; that if she slowed up afterwards, she should be paid as a slow ship should be paid.

I think there was not sufficient attention given to the cargo ships, which under a simple mileage bounty would have the full benefit; and it is a most important class of vessels to provide for. I refer to vessels of moderate speed.

SENATOR LODGE. You prefer the French system of mail subsidy and mercantile subsidy to the English, which is almost exclusively that of mail subsidy?

MR. PEABODY. I do, Senator; and the French are showing the power which is given to them by competing now very visibly in the foreign trade. They are even underbidding the English and other nationalities which have no subsidies; and if they had as many vessels as the English, or vessels enough, they would run the English out of the trade to some extent.

#### OUR SHIPBUILDING CAPACITY.

THE CHAIRMAN. The Commissioner of Navigation says that by mid-summer the American coast shipyards will be employed only to about one-third their capacity, and this will be exclusively on war vessels and coastwise vessels. Could you estimate how much these yards could put under construction, in addition to the war vessels and coastwise vessels, if they were given orders at once to do so?

MR. PEABODY. I remember at the time of the proposed subsidy legislation the same gentleman, the Commissioner of Navigation, Mr. Chamberlain, stated that he considered that the full capacity of the American shipyards to produce steamships of the character needed for the foreign trade was about 75,000 tons a year. Upon that principle it is easy to see that if at the present time we have vessels enough to carry 12 per cent of our imports, it would take us ten years at that rate to build another 800,000 tons, to do 25 per cent of our imports, and all that time, if we had 5 per cent discriminating duties, we would be paying \$40,000,000 to \$50,000,000 a year; and that is the point to which I wish to direct my remarks to-day—in opposition to discriminating duties. I think most of the people who favor them have not looked at them in just the right way. It is a very expensive process.

## FREE SHIPS USELESS WITHOUT A SUBSIDY.

The CHAIRMAN. Do you believe that the opening of American registry to foreign ships, without any form of national aid and encouragement to offset the higher cost of operation under the American flag, would amount to very much in building up the American merchant marine?

Mr. PEABODY. I do not believe it would be of any advantage.

The CHAIRMAN. If foreign shipowners control the most of our general trade—and of course they have the vessels and the experience—would free ships alone, in your judgment, put the Americans on anything like a parity with them?

Mr. PEABODY. No, sir; I do not believe it would be of any advantage without a subsidy.

## STATEMENT OF R. G. F. CANDAGE.

R. G. F. Candage appeared before the Commission.

The CHAIRMAN. Have you heretofore been engaged in the business of shipping?

Mr. CANDAGE. I have been a sailor and shipmaster, and an owner of ships, etc.

The CHAIRMAN. The Commission will be glad to hear any views you have to express.

Mr. CANDAGE. I do not wish to take up a great deal of time or to go over the ground which has been already traversed, but I wish to make a few remarks.

First, I believe in establishing mail vessels to open up new trade, especially between here and South America. I can see no reason why a letter which you, Mr. Chairman, may send to Buenos Ayres, should first be compelled to go to Liverpool or London and then find its way to Buenos Ayres, and the answer come back in the same circuitous manner, instead of having direct communication.

If gentlemen engaged in the South American trade want even to feel of the market there, the opportunity for those on the other side of the Atlantic is twice as great as we on this side enjoy, and while we were making the inquiries they would supply the market. That is the case, and it has been the case. The republics of South America are naturally our allies in politics and comity. That is one point.

## IN FAVOR OF SUBSIDIES.

I favor subsidies, as the previous speaker does, first because they are direct, and then because we have before us the experience of European nations which have tried them and where the system has been effective. It is a direct system, and it is not encumbered with other conditions. If we can not have subsidies, then I should hope that we might try preferential duties, although there are a great many complications, and, so far as the Treasury of the United States is concerned, I do not think it would make any difference. If there were a difference we would pay more by differential duties than by subsidies. More money would go out of the Treasury by that means.

I believe in subventions for vessels built under naval requirements and for naval uses when needed, as England and other nations pay.

I think that covers in general what I wish to state to you. I do not want to take up your time, for I know there are a great many gentlemen who would like to speak.

#### BETTER LAWS FOR SEAMEN.

There is one thing which a gentleman who has already spoken asked me to say. It is in regard to seamen. There are a good many things which, under the present law and the present usage, work to the disadvantage of the shipowner. If some of those conditions could be remedied I think it would greatly improve our shipping, both in the foreign and in the domestic trade. This morning I read in the paper—perhaps some of you did also—where a crew on a vessel at Fernandina were spirited out of their ship by some people who came aboard. The crew were put on an island and kept there two days, and finally got away from the people who took them in charge, who are said to be union men. I do not know whether they were or not. The crew came to Jacksonville and finally to New York. There they have sued the owners of the vessel from which they were taken on the ground that the captain did not protect them, and they ask for the wages up to the time of their arrival at New York. That is one condition which the press of to-day exhibits before us.

Much has been said about the abuse of seamen, and in some cases abuses have taken place; they take place on land; they take place everywhere; but I claim that not a larger percentage takes place on sea than elsewhere; and in my experience of more than a quarter of a century on the ocean I never saw a man abused on board a ship unless he was the aggressor and really deserved the principal part of the abuse he received.

I am ready to answer any questions which the members of the Commission may desire to ask.

The CHAIRMAN. We are very much obliged to you.

#### STATEMENT OF WILLIAM ROTCH.

William Rotch appeared before the Commission.

The CHAIRMAN. Mr. Rotch, are you engaged in the shipping business?

Mr. ROTCH. I am not at present.

The CHAIRMAN. Indirectly or directly?

Mr. ROTCH. My family has been interested in shipping more or less for a hundred and fifty years. My ancestors lost a good many vessels at the time of the Revolutionary war, and ever since then we have been interested more or less in shipping. But for the last twenty or thirty years we have been selling our vessels, because they do not pay.

So I come here not so much from my personal interest in shipping to-day as from my general interest in the question and because of the benefit to the whole country which I believe would result from doing something to re-create our merchant marine.

The CHAIRMAN. You belong to the old New Bedford family?

Mr. ROTCH. Yes, sir; it was one of my ancestors who owned the tea ship.

## PREFERS THE SUBSIDY METHOD.

I do not consider that I am very well posted to-day upon the question at issue, but so far as I have been able to examine it I feel that the proper solution is by the method of subsidies. I do not consider that it is possible to build up our marine under present conditions by admitting foreign-built ships upon any conditions. The real trouble is in the great cost of running our ships, and we must do something to make it possible for us to compete with foreign nations in the operation of our vessels. The method of subsidies has seemed to me to be the fairest and the best, and if there are no constitutional objections I think an attempt ought to be made to carry that method into effect.

I do not know that I have anything particular to say in conclusion, except to express my preference for the method of subsidies.

## STATEMENT OF WILLIAM F. HUMPHREY.

William F. Humphrey appeared before the Commission.

The CHAIRMAN. Are you engaged in the business of shipping?

Mr. HUMPHREY. Yes, sir; my whole life has been spent in the atmosphere of shipping. My father was a shipmaster. I had four brothers older than I who were shipmasters. I began going to sea in 1856, when the prosperity of our shipping was at its height. It was our pride, and justly so; it commanded the admiration of the world. It demanded the highest rates of freight and secured them.

But I am not going to take your valuable time in recalling the past; to tell you how the American flag could once be seen floating from the finest ships in the world in all quarters of the globe; how the American shipmaster, conceited possibly by the pride of his position, refused to associate with the foreign shipmaster, and delegated that position to his first officer or mate, so called; how the glory of our ships has departed and the tonnage diminished till, on trips that I have made to Europe and to the West Indies and the Gulf of Mexico in late years, I have found the American flag, floating upon ships, conspicuously absent, and on a trip of some 15,000 miles across the Pacific to Russia, Japan, China, and the Philippines during the last year I saw but five merchant ships bearing the American flag, two of which were built in England.

## PROTECTION A FACTOR.

Neither do I propose to discuss or analyze the causes that have brought about this deplorable condition of our merchant marine, except so far as to say, though I conceive the causes to be many, the chief one, I think, is our protective policy. It was the declared intention of the promoters of that policy that it should raise the price of labor and material. This it has done most effectually and the cost of building a ship to-day in this country is from 40 to 50 per cent higher than a ship of the same class and specifications would cost abroad. It has been stated that we sell locomotives to, and build bridges in, foreign countries in direct competition with cheaper labor and cheaper material. Why can we not build ships as cheaply? is asked. Because we are a railroading nation. We have more miles of railroad in the

United States than there are in the whole of Europe. The amount of money we have invested in railroads is something enormous. The building of railroads has been as important an industry in the United States as the building of ships in England, only to an infinitely greater degree and extent. The railroad as the pioneer in the settlement of this country had to be built economically. The obstacles that had to be overcome were tremendous, and the bridging of wide streams and deep ravines was not the least of them. The roadbeds were rough and uneven and the locomotive must be adapted to that condition. The result is that we have got the most perfect locomotive for all sorts and kinds of work in the world.

#### OUR TRIUMPH IN RAILROADING.

Millions of dollars have been spent in their construction, and the locomotives in the United States probably represent in value to-day two-thirds as much as all the tonnage of Great Britain. The money that has been spent in building bridges in this country I would not dare to estimate, but it must be an enormous sum. In the construction of these two, locomotives and bridges, we have become adepts. Continued application to the production of one article makes the hand cunning and the head inventive, and years of experience and experiment reduce its construction to a science. These, to my mind, are the reasons why we have the greatest and cheapest system of inland transportation in the world, and can sell locomotives to, and build bridges in, foreign countries.

There is one fact I wish to call to your especial attention in connection with this subject, and it is an important fact, because it seems to me it bears directly on this question that you are now considering. It is this: That a tremendous impetus was given to railroad building in its infancy by making grants of immense tracts of land and the Government lending its credit to the extent that it almost, if not quite, furnished the money to build some of our great trunk lines.

Conditions have made us a railroad-owning nation, as conditions have made England a ship-owning nation. We have become expert in the building of railroads and she has become expert in the building of ships. Our skill, energy, and intelligence can teach her nothing in that line, neither can the American mechanic do more in a day of that work than can the English mechanic. England can build and sail ships infinitely cheaper than we can.

What shall we do, then, to increase our tonnage, for it is very generally conceded we should do something?

#### AS A DEMOCRAT AND FREE TRADER.

I am a Democrat and a free trader. It takes some courage to make that declaration here, especially before four-fifths Republicans on the Commission and four-fifths of the audience probably the same. However, that is what I am, and while I do not believe in the principle, so long as the present policy of protection obtains, I do not see any other way except by government subvention. Indeed, when all other industries are subsidized it seems the shipowners' right. How shall it be done? To encourage the establishment of regular lines to foreign ports, a mail subsidy, I think, would be most efficacious. The present

law would be all right if it applied to vessels of lower speed, as low as 10 knots, and discriminated more as to the size. It implies that a vessel of high speed must be large, which is economically true, and that a vessel of low speed must be small; that is, a vessel of 10,000 tons of 14-knot speed gets no more than a vessel of 2,000 tons.

This is all right from the standpoint of giving compensation for carrying the mails; but if it is intended to assist in building up our tonnage and increasing our foreign trade, I think the size should be taken more into account. While mail facilities greatly assist in building up trade, cargo facilities are also highly important. In the opening of new channels of trade, 10-knot steamers would be quite as effective as faster craft.

With limited passenger traffic which would prevail on a new line and a probable high cost of coal in ports touched at, high-speed vessels would be unprofitable, unless paid an extravagant mail compensation. On the whole I think a mail compensation should be fixed at so much per ton, grading the rate by the speed of the vessel and her adaptability for naval purposes in event of war.

#### PREFERS A GENERAL SUBSIDY SYSTEM.

There are many shipowners, and others, who advocate discriminating or preferential tariff. This does not appeal to me as being as practical or effective as some other method. It seems to me it will be difficult to pass such a law on account of the many obstacles that will be met. All goods now on the free list must be subjected to duties or they will be carried entirely in foreign bottoms. This will be opposed by those who object to any increase in our present tariff. If retaliatory measures are taken by foreign powers, a large proportion of our exports would be carried away in foreign vessels. This would certainly obtain so far as England, Germany, and France are concerned. We should only bring our imports from those countries, while they would carry away our exports, and the balance of tonnage would be greatly in their favor.

Other reasons I could mention, but I will not offer them, for if this is deemed the wisest course to pursue I have no doubt it will be beneficial and I would not oppose it.

Neither would I oppose free ships, which a great many of our people believe in. No harm can come of it, nor do I think any good, for I do not see what advantage could accrue to the using of our flag on a foreign vessel that would compensate for the extra 30 to 40 per cent it would cost in sailing them under it, confined to the foreign trade, as of course they would and should be.

For the building up of regular lines I think a mail subsidy, on the lines I have mentioned, would be the best form of assistance. For building up our shipping generally to put us where we belong on the seas as a first-class power, to build up the rank and file of our shipping, the sailing vessel, the tramp steamer, the cargo carrier of all kinds, the craft that supply the bone and sinew of trade, that will furnish men to man our war vessels as well as ships to assist them, I believe the Frye bill, which provided a mail subsidy for the encouragement of one class of vessels and a general subsidy for the encouragement of another class of vessels, is the wisest, most practical, efficient, expedient, and equitable method.

## THE QUESTION OF SPEED.

Representative MINOR. Speaking of cargo carriers, you lay a good deal of stress on the size, as I do myself, because the larger you can build the cheaper you can operate.

Mr. HUMPHREY. Yes.

Representative MINOR. Would you regard it as essential that a speed provision should apply to those craft, or would you permit the owner to have his ship constructed with a view to carrying the largest amount of tonnage and running the most miles? The more miles he runs, the more money he would earn, if it was based upon tonnage and miles run. Leave the question of the speed to the man who pays for the vessel and operates it.

Mr. HUMPHREY. No; I think there ought to be a graded rate for the speed, because if you run at the rate of 20 knots speed, it costs —

Representative MINOR. I am speaking of cargo carriers, and they do not run at 20 knot speed.

Mr. HUMPHREY. Take the present mail subsidy, and after you have got down to 14 knots, come on down to 10 knots, but as you come down have the payment made in proportion to size—that is, the same rate of payment; but if she is a vessel of 10,000 tons let her get five times as much as one of 2,000 tons.

Representative MINOR. Exactly; on the tonnage?

Mr. HUMPHREY. Yes.

Representative MINOR. How would you test the speed? What method would you adopt? You have to determine what speed the vessel is capable of making before you can arrive at the amount she shall receive.

Mr. HUMPHREY. I do not know of any better method than the present one you have—that is a Government test. Of course we all understand that war vessels and all vessels are not expected to make in practice the speed they make on their trial trips, but that is in proportion. If a vessel makes 20 knots on her trial trip, she will probably make 19. If a vessel makes 14, she will probably make 13 knots, or something like that.

Representative MINOR. In the Frye bill, so called, there was a provision governing the rules of determining the speed.

Mr. HUMPHREY. Yes.

Representative MINOR. A trial board was to be appointed, either of revenue-cutter officers under the Treasury Department, or of naval officers under the Navy Department, or a joint board. Is it not true that you can select your coal, pick your firemen, put your ship in the best possible order, and make from 1 to 2 knots more per hour on a trial trip than she will ever make again in the world?

Mr. HUMPHREY. Yes; there is no doubt about it.

Representative MINOR. Let me ask you another question to follow that. Then if that be the case, should we have any speed clause in there at all? Because the Government during the life of the ship has to pay upon the rate of speed registered by that vessel while making her trial trip.

Mr. HUMPHREY. It is all relative. As I said, the 20-knot ship will make 21 or 22 knots on her trial, perhaps. I refer to a vessel that will ordinarily go 20 knots. A vessel that will go 14 knots on her trial trip will probably drop down to 12½ or 13 knots. It is in the same percentage.



Representative MINOR. Then why should we pay on 10 knots or 20 knots?

Mr. HUMPHREY. You do not. It all comes down to a relative price. Perhaps I do not make myself clear.

Senator MALLORY. It is as fair for one as the other.

#### THE ECONOMICAL CARGO-CARRIER.

Representative MINOR. Would it not be wise, in case we should conclude to do something for the merchant marine, which I hope we may, to let the man build the cargo-carrying vessel at his own expense, operate her at his own expense, and the more trips run and the more tons of cargo carried, the more money she would earn, and leave it to him as a business proposition?

Mr. HUMPHREY. I do not think you see this, that you can not run 20 knots an hour half as cheaply as you can run 10 knots an hour. In other words, you cut the time of the voyage in half, but it costs you four times as much money.

Representative MINOR. I am confining myself strictly to cargo carriers and not to the mail carriers. You can not carry a heavy cargo of freight and make 20 knots an hour. The fast steamers do not do it. They carry light freight, express. They require a large amount of fuel, 400 or 500 tons every twenty-four hours, while the cargo carrier will manage to get along on 35 or 40 tons. The steamer making 20 or 22 knots an hour requires several hundred firemen, whereas the one that runs 10 knots can get along with 15 or 20 firemen. There is a difference in the cost of operation.

What this Commission has to do is to impress upon the people of the United States—and we must do it honestly—that we are not engaged in building up one special industry.

Mr. HUMPHREY. I see.

Representative MINOR. We must make an effort to cheapen freight to the producer and the manufacturer in this country. We have to keep those things in mind, or they will not support any such measure, because it becomes class legislation.

Now, I would permit the cargo-carrying ship, I think, if I was framing a bill, to make any time she chose, at the cheapest possible rate of speed. That rate is from 8 to 12 knots an hour.

Mr. HUMPHREY. Yes.

Representative MINOR. If you can cheapen the cost of operation by increasing the size of your vessel you are bound to cheapen the freight on American commodities going abroad.

Mr. HUMPHREY. Yes, sir.

Representative MINOR. We must put it on that broad ground.

Mr. HUMPHREY. Of course you want to encourage the building of fast ships for scouts in case of war, and I was going to say, if you will excuse me a moment, after you come down to 14 knots then we will drop the speed part of it entirely.

Representative MINOR. If a man is a steamship man and knows that the more miles his steamer runs and the more tons he carries the greater his compensation, necessarily he will have that in view, and therefore he will build her to run just as fast as he can operate her economically; and I would leave that question with him.

## IMPORTANCE OF STANDARDIZING.

The CHAIRMAN. I was interested in your suggestion that we were building locomotives and bridges in competition with the world, not only supplying our own markets, but sending them abroad, while we could not apparently build ships. Is not that largely due to the fact that we build the same type of bridges and the same type of locomotives and that we have standardized those things?

Mr. HUMPHREY. Yes. It is in the line of standardization.

The CHAIRMAN. This Commission visited one of the leading shipyards of the country, and we found that they were constructing a war ship, a dredge, another ship, I think intended for war purposes, two of a smaller type, and a coaster. If they had had four ships of the same type in the yard, they could have reduced the cost very materially?

Mr. HUMPHREY. Very materially.

The CHAIRMAN. So, while we have no hopes, perhaps, of entirely overcoming the difference, yet if we could build up the merchant marine so as to call for the construction of a large number of ships of practically the same type we would overcome to a very considerable extent that difference in cost.

Mr. HUMPHREY. Of course. There is scarcely a shipyard in England to which you can not give any specifications you like, and they probably can take the patterns right down off the shelves. They have them there.

## DOUBTFUL OF DISCRIMINATING DUTIES.

Senator MALLORY. Have you given any thought to the proposition, in connection with discriminating duties, of imposing tonnage dues on foreign ships coming to ports in this country?

Mr. HUMPHREY. That is in the same line, Senator Mallory, that I spoke of—retaliation. We would probably get it on the other hand over there.

Senator MALLORY. I take it for granted we will get retaliation if we do anything that is in the way of an advantage to American shipping.

Mr. HUMPHREY. I do not think there is any better and cleaner way than a square subsidy. If you do not like the word, call it "subvention," if you please. "Subvention" is a better word, because it means assistance. That is squarely what I mean.

Senator MALLORY. You have not given the matter of tonnage duties any thought?

Mr. HUMPHREY. No; I have not. I do not think it is a good plan.

Senator MALLORY. We used to impose tonnage duties on foreign ships.

Mr. HUMPHREY. I think we are obliged now to let them all in on the same basis.

Senator LODGE. It is against the treaties.

Senator MALLORY. I know it is against the treaties.

Mr. HUMPHREY. I should not like to see any discrimination, for I am sure we would be discriminated against. It would be as broad as it is long.

Senator LODGE. Would it be as broad as it is long? When we had the discriminating tonnage tax and discriminating duties the volume of imports exceeded the volume of exports as a rule.

Mr. HUMPHREY. Yes.

Senator LODGE. We were an importing country.

Mr. HUMPHREY. An importing country.

Senator LODGE. And at best it was pretty nearly balanced. Now our exports exceed our imports enormously.

Mr. HUMPHREY. Very much. As I said, they would have the balance of trade.

Senator LODGE. Would not that render the opportunity of foreign retaliation very much greater than it was in the earlier days?

Mr. HUMPHREY. It seems to me so.

Senator MALLORY. My reason for asking the question is this: The volume of exports exceeds the volume of imports. By discriminating duties you can control your imports brought in by American built and owned ships, but unless you have some tonnage dues or something to be imposed on the foreign ships you are not going to touch your exports at all. The foreigners will step in and take all the business away from you. What you want, if you are going to have American commerce, is for the American ship to have cargo both ways—both coming to this country and going away. It does not suffice to give cargo one way only. That is the reason why I asked you if, in connection with this subject, you had given that matter any thought. It has been suggested.

Mr. HUMPHREY. I know.

Senator MALLORY. And it has been presented by some gentlemen quite forcibly.

Mr. HUMPHREY. I do not like the idea of it.

#### STATEMENT OF WILLIAM B. BIRD.

William B. Bird appeared before the Commission.

The CHAIRMAN. In what line of business are you engaged, Mr. Bird?

Mr. BIRD. I am a merchant and manufacturer.

The CHAIRMAN. The Commission will be pleased to hear from you, Mr. Bird.

Mr. BIRD. Mr. Chairman and gentlemen, I am here before your committee, not as a shipowner, nor connected in any way with ship-building, but simply as a merchant.

My firm, under the same name, has been doing business for the past sixty-six years and during that time have been importers of merchandise. Some years ago we commenced also to manufacture, and from that time we have been exporters as well, and are continually seeking to increase our export business.

#### TRADE FOLLOWS THE FLAG.

I am very glad that finally Congress is investigating the question of how best to resuscitate our American merchant marine, as my experience in connection with attempting to build up an export business has led me to most thoroughly believe in the statement that commerce follows the flag. No amount of effort through the mails or through salesmen is so efficient as ships carrying the American flag sailing regularly to and from foreign ports.

It has often been said that nothing can be done to resuscitate American shipping, owing to the indifference to the importance of this

matter on the part of the West and South, but the great growth of the manufacturing interest in those sections makes it as important to them as it is for the East that this should be brought about. Also I believe that the agricultural portion of the community in those sections, if the facts could be clearly laid before them, would also be aroused to the importance of this matter and be as actively in favor of it as the manufacturing and mercantile interests.

I can not but feel that while this country has reached a high pinnacle of business prosperity, yet there is a great element of underlying weakness in the fact that fully nine-tenths of the merchandise imported or exported is to-day carried in the ships of foreign nations.

No country in the world has such an area of sea coast as the United States, and the whole history of the earlier days of this country shows conclusively to the student that the steady rise in prosperity of the people arose very largely from the utilization of this great coast line for the purposes of commerce.

In the past Great Britain has been the wisest and broadest minded nation in connection with availing of the opportunities of commerce through building up her shipping. To-day Germany, wisely taking a leaf out of Great Britain's book, is bending her energies to secure the advantages of this great export trade, and is leaving nothing undone to promote the success and prosperity of her merchant marine, which she fully realizes is the prominent factor to bring about this ultimate success.

The United States has achieved marvels in connection with its internal development, but so largely have we been taken up in the past thirty years with this development that the great majority of us have overlooked and neglected the fact, that our development was becoming rapidly one sided.

#### A WITHERED RIGHT ARM.

The impregnable strength of any country, financially or otherwise, lies in an absolutely all-round development, and the United States to-day might be likened to a man of enormous physique and power in all his parts with the exception of his right arm, which had gradually shriveled and fallen away.

I have no schemes to offer to your committee as to how the present lamentable state of affairs shall be remedied, as I feel that there are others better qualified to advise as to methods.

I have never been an advocate of free trade, equally I have never believed in an excessive tariff, but I have seen and realized the enormous upbuilding of our industries all over the United States through the protection given by a tariff.

Now, why should all other industries be given this protection with the exception of one, and that perhaps the most important of all? Why should this be neglected and thrust one side when all others are considered? Many men are frightened and shy at the word "subsidy," and yet they are the strongest advocates of an extremely high tariff for the protection of certain industries. Why is it not better that a protection shall be given and that the fixed expense of this shall be known, rather than the protection given and the burden of expense put upon the people of this country in an indirect way through the imposition of a tariff? Every man who investigates or has inves-

tigated thoroughly the question of our shipping interests must see that something should be done by our Government to restore our merchant marine to its former high position.

#### OPPOSED TO FREE SHIPS.

I should most decidedly oppose any effort to bring about a change through the free purchase of foreign ships, as I believe that this position would be absolutely inconsistent with the whole course of the legislation of the past forty years; and in closing, gentlemen, I would say that I am very glad that this matter has been placed in the hands of so able a committee to report on the question, and I believe that the wisdom of its members will lead them to be able to frame a bill to bring before Congress which will lead to the solution of the difficulties which have existed in the past and which reduced our position in 1860 from the second nation in the world in its foreign tonnage to practically the lowest among any of the prominent nations at the present time.

#### STATEMENT OF HENRY LORD.

The CHAIRMAN. Is Hon. Henry Lord, of Bangor, Me., in the room? Henry Lord appeared before the Commission.

The CHAIRMAN. Mr. Lord, will you state to the Commission in what business you are engaged?

Mr. LORD. I am a vessel owner and have been for some years; more than thirty.

The CHAIRMAN. You are familiar, I suppose, with the scope of this inquiry?

Mr. LORD. I think so.

The CHAIRMAN. The Commission will be pleased to hear from you any views you have to express on the subject.

Mr. LORD. My expression of views will be very brief.

I wish to say that, as you all know, I live in a State which leads in the wooden ship building business, as it has done for more than fifty years. It perhaps has to-day, or it did have ten years ago, a larger percentage of its population engaged in seafaring life than any other State in this Union. But a few years ago all along our coast, in every little town, there were vessels owned, and the Maine boys were going to sea, looking forward to the time when they should themselves own vessels. Twenty-five or thirty years ago a great many clipper ships were built in Maine. Clipper ships went out, and the schooner came in—the three or four or five or six masted schooner. Our people down there are a vessel-building and vessel-owning class to-day.

#### MAINE'S GREAT INTEREST.

Twenty-five years ago there was a fleet of little vessels that ran to the West Indies. We had a large trade with the West Indian Islands. We sold them pine boxes and pine shooks and the vessels came back with West India cargoes. That business has all gone, and to-day Maine is building wooden vessels mostly of the schooner type for the coastwise trade, because the foreign trade does not pay. There are some exceptions. Take the Sewalls at Bath. They have nothing but

deep-sea craft. They have as you know built iron ships, full-rigged ships, in the last few years, and at Bangor there was a 5-masted schooner going up.

The CHAIRMAN. The Sewalls are not building any ships now for the deep-sea trade.

Mr. LORD. They have built them within two years. I think one of the last ships they launched was the *William P. Frye*, a 4-masted steel ship.

The CHAIRMAN. I think one of the firm testified in New York that they were not building any now.

Mr. LORD. The time has come when something must be done to encourage the building of ships and the sailing of them in the foreign trade or we shall be out of the business entirely. A certain class of vessels, because of the manner in which they are sailed, are living along in the foreign trade, as we carry it on with the West Indies and South America. For instance, I have had a couple of small vessels run from this end of the State to Cuba and the West Indies, with hard pine, in competition with English vessels. Those vessels are sailed by the captains on shares, and they generally have a home cook, a home mate, and a home crew, and they keep down expenses, and in that way are able to compete with foreign vessels in the same trade.

There is a difference of opinion in our State as to what should be done. Some are in favor of subsidies; some are in favor of discriminating duties. But the object is to do something to aid the American shipowner to enable him to compete with vessels under foreign flags.

It is hardly necessary for me to express here the sentiment of the State of Maine. I think it is well known. It has been made well known in both branches of Congress by such men as Frye and Dingley, and forty or fifty years ago by such men as Perkins, of California, and Boutelle, our Congressman who died a short time ago. There were among them men who began their life upon the sea, and went from the forecabin to the cabin.

#### REMEMBER THE SMALL VESSEL.

Gentlemen, when you come to consider this question I want to suggest to you that you consider the question of help to the small wooden vessel. The day of that vessel has not entirely gone by, especially if you wish to encourage young American boys to go to sea. In a vessel of that class the captain usually sails her as a partner with the owners; sails, if you please, on what are called square halves.

He takes one-half of the gross earnings of the vessel and mans and victuals her and pays one-half of the port charges, and in that way he makes money. Under that system he is able to economize in every possible way and make his vessel pay. There you get American boys. They go into those vessels with some captain who has a home crew and they expect to rise and in a short time get command of a vessel. They are good sailors. It was boys of that class who sailed the yachts that won the races up to within two years in New York. That class of boys you will find scattered all over the world. They are enterprising and energetic, and they began their life going to sea in small sailing vessels built in the State of Maine, and then they gradually got into the larger vessel and into the steamer. They are American born, and they have the American spirit, and they like to see the American flag at the masthead.

Every other industry is helped in some way, and that being the policy of the country it would seem that the wisdom of the legislators of this country ought to be able to agree upon some system which will help American commerce.

### STATEMENT OF J. C. ENTWISLE.

The CHAIRMAN. Is there any representative of the seamen present to-day? This Commission is charged with the duty of inquiring into the condition of the American seaman with a view to bettering his condition, if it is shown that it is necessary.

J. C. Entwisle appeared before the Commission.

The CHAIRMAN. What is your business?

Mr. ENTWISLE. I come from Salem, and I represent the Boston Marine Society. We are a society of shipmasters. I suppose we might come under the head of seamen. I do not know whether you want to hear from us.

The CHAIRMAN. We shall be very glad to hear from you.

Mr. ENTWISLE. I represent the vice-president of the Boston Marine Society, which is composed of nearly four hundred shipmasters, a few active shipmasters, but most of them retired. Of course they are more or less interested in shipping. A number of those who retired retired not of their own will at all, but simply because they were forced out of an occupation in which they had spent a large number of the years of their lives.

In my own case, at 38 years of age, after spending twenty-three years at sea, I was forced to abandon my profession because there were no ships to command, and I was obliged to seek other employment. It was rather hard for a man who had spent so many years at sea to commence a new business, and the employment I was obliged to enter into, and which seemed the most fitting I could find, was newspaper work and politics. The first was rather hard of acquirement, but the second came very easy. [Laughter.]

Of the matter of subsidies and the matter of shipbuilding, of course the shipmaster knows very little. My own opinion in regard to a subsidy is that it is an unpatriotic method of putting a premium on patriotism. We should like to have American ships, built in American shipyards, commanded by American shipmasters, officered by Americans, and in the future, if the shipping should increase, manned by American seamen, which is simply impossible to-day.

### AMERICAN MASTERS DISAPPEARING.

My own experience is that the American shipmaster is a thing of the past. We frequently find an American shipmaster speaking the English language with a foreign accent. We are not proud of that class of men. While they are worthy and estimable men without doubt, at the same time we feel that a man who commands an American ship should be able to speak the English language. The officers we have to put up with to-day are naturalized American citizens of all classes—Nova Scotians, Germans, Norwegians, Swedes. Of course they are respectable persons, but we feel that we would like to have Americans in command of American ships and looking after American interests.

The question of the maintenance of ships is the one perhaps which is most important in this matter. In my own case I took several voyages in which I estimated the expense of victualling the ship. It never

exceeded 30 cents per man per day, and on one voyage of twenty months, from Boston to Australia and Japan and China and the East Indies and home, it cost 22½ cents per man to victual the ship.

I do not think the shipowners ever pay the shipmasters anything near the compensation they are worth. It is a responsible position. I do not think the wages of the seaman to-day are anything in excess of what he ought to receive. It is a hard existence for men to undertake, and they ought to be well compensated for it.

Of course the Boston Marine Society is composed of shipmasters, and we are willing to have anything done perhaps that will increase the American merchant shipping. I speak principally of the merchant ships. The largest ship-owning firm in Boston, which at one time owned 36 sailing vessels going to all ports of the world, buying their own cargoes and bringing them to Boston, entered into the railroad business, as has been stated by Captain Humphrey, because they found more reimbursement than they did in ships, and finally the ships dwindled away. They sold every one of them or lost them all. It is more profitable to invest capital in other schemes than in sailing vessels. When sailing vessels were paying, the capital was produced, and men were willing to put it in ships where they got a large percentage on their investment.

The CHAIRMAN. Have you given any special thought to the remedy for the existing condition of things?

Mr. ENTWISLE. I do not know that I have, except that if the subsidy is the thing that will remedy this situation, if capitalists will put their money into vessels if they are subsidized, then I think that is the best remedy for it. What we want principally are the vessels. I am sure there are shipmasters out of employment—hundreds of them—who would be willing to take vessels if vessels were only at hand. Lots of them would renew their youth and perhaps eradicate the evidences of age to secure the command of any vessel that would be built.

If I may be allowed to make a suggestion, the secretary of the Boston Marine Society is a practical shipmaster also, and I should like to have him called upon before the hearing closes.

The CHAIRMAN. Captain Manson?

Mr. ENTWISLE. Yes, sir.

The CHAIRMAN. He will be heard. I will first call on Mr. William H. Frazier.

#### STATEMENT OF WILLIAM H. FRAZIER.

William H. Frazier appeared before the Commission.

The CHAIRMAN. What is your present business?

Mr. FRAZIER. I am general secretary of the International Seamen's Union of America.

The CHAIRMAN. Have you ever been a practical seaman?

Mr. FRAZIER. Yes, sir; all my life.

The CHAIRMAN. How long since you sailed?

Mr. FRAZIER. About four years ago. Since, I have been ashore.

The CHAIRMAN. Were you in the service of the United States.

Mr. FRAZIER. Yes, sir.

The CHAIRMAN. Have you sailed on vessels of any other nationality?

Mr. FRAZIER. Yes, sir; I had to go in an English ship to learn to be a seaman.

The CHAIRMAN. Did you start on an English ship?



Mr. FRAZIER. Yes, sir; I had to.

The CHAIRMAN. Are you an American citizen?

Mr. FRAZIER. Yes, sir; American born.

The CHAIRMAN. American born?

Mr. FRAZIER. Yes, sir.

The CHAIRMAN. Now you are representing the Seamen's Union?

Mr. FRAZIER. Yes, sir.

The CHAIRMAN. As general secretary?

Mr. FRAZIER. Yes, sir.

Senator MALLORY. The International Union?

Mr. FRAZIER. The International Union.

The CHAIRMAN. We shall be pleased to hear from you.

#### SPEAKING FOR 25,000 SAILORS.

Mr. FRAZIER. Mr. Chairman and gentlemen, in appearing before you I am representing the International Seamen's Union of America, an organization of over 25,000 seamen; that is, sailors, marine firemen, cooks, stewards, etc., and the part that I will take in this discussion will be upon the question, Why the American boy does not go to sea.

Mr. Chairman, there are several reasons why the American boy does not go to sea; but the first and most important reason is because the American shipowner will not take him unless it be his son or other relative. There is no system of apprentices, and when the American shipowner wants a crew he does not want any more men than are actually necessary to manipulate the vessel. Therefore, for the safety of the vessel, he wants all competent seamen. American boys have often applied to me for an opportunity to go to sea, but I am unable to get them positions on American vessels, excepting those ships that have a mail contract and are compelled by law to carry so many cadets. Masters of American coastwise vessels—sail vessels I mean—have often told me that they would be willing to carry boys, but were not permitted to do so by their owners. They say they eat too much. I make this statement so as to give you the actual situation. While the American boy has little or no opportunity of going to sea, those who are fortunate enough to secure the opportunity in some foreign vessel or one of the mail lines seldom or never continue at sea as a profession. So I will next deal with that part of the subject as briefly as is possible.

There was introduced during the last Congress a bill by Mr. Livernash, of California. This bill (H. R. 13771) was drafted by the International Seamen's Union of America, an organization, as I stated before, composed of the maritime trades—sailors, firemen, cooks, fishermen, etc., of the Pacific coast, Great Lakes, Atlantic and Gulf coasts. With a few exceptions the bill is merely amendatory of certain provisions of the existing law, which changes experience has shown to be necessary to effect the purposes in view when the law was passed.

I submit for incorporation in my remarks a copy of the bill, and in order to save time in pointing out the changes, I have italicized them in the bill.

The bill referred to is as follows:

[H. R. 13771. Fifty-eighth Congress, second session.]

A BILL To amend the laws relating to American seamen, to prevent undermanning and unskilled manning of American vessels, and to encourage the training of boys in the merchant marine.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section forty-five hundred and sixteen of the Revised Statutes of the United States be, and is hereby, amended to read as follows:*

“SEC. 4516. In case of desertion or casualty, resulting in the loss of one or more seamen, the master must ship, if obtainable, a number equal to the number of those whose services he has been deprived of by desertion or casualty, who must be of the same grade or rating and equally expert with those whose place or position they refill. *And in all merchant vessels of the United States the sailors shall, while at sea, be divided into two watches, which shall be kept on deck alternately for the performance of ordinary work incident to the sailing and management of the vessel; but this provision shall not limit either the authority of the master or other officer or the obedience of the sailors when, in the judgment of the master or other officer, the whole crew is needed for the maneuvering of the vessel or the performance of the work necessary for the safety of the vessel or her cargo. While the vessel is in a safe harbor no seaman shall be required to do any unnecessary work on Sundays or legal holidays; and at all other times while the vessel is in a safe harbor nine hours, inclusive of anchor watch, shall constitute a day's work.*

*Whenever the master of any vessel shall fail to comply with this section, the seamen shall be entitled to discharge from such vessel, and shall, upon demand, receive wages then earned. But this section shall not apply to fishing or whaling vessels or to yachts.”*

SEC. 2. That section forty-five hundred and twenty-nine of the Revised Statutes of the United States be, and is hereby, amended to read as follows:

“SEC. 4539. The master or owner of any vessel making coasting voyages shall pay to every seaman his wages within two days after the termination of the agreement under which he shipped, or at the time such seaman is discharged, whichever first happens; and in the case of vessels making foreign voyages, or from a port on the Atlantic to a port on the Pacific, or vice versa, within twenty-four hours after the cargo has been discharged, or within four days after the seaman has been discharged, whichever first happens; and in all cases the seaman shall be entitled to be paid, at the time of his discharge, on account of wages, a sum equal to one-third part of the balance due him. Every master or owner who refuses or neglects to make payment in manner hereinbefore mentioned without sufficient excuse shall pay to the seaman a sum equal to two days' pay for each and every day during which payment is delayed beyond the respective periods, which sum shall be recoverable as wages in any claim made before the court; but this section shall not apply to the masters or owners of any vessel the seaman of which are entitled to share in the profits of the cruise or voyage.”

SEC. 3. That section forty-five hundred and thirty of the Revised Statutes of the United States be, and is hereby, amended to read as follows:

“SEC. 4530. Every seaman on a vessel of the United States shall be entitled to receive (within forty-eight hours after demand therefor) from the master of the vessel to which he belongs one-half part of the wages which shall be due him, at every port where such vessel, after the voyage has commenced, shall load or deliver cargo before the voyage is ended; *and all stipulations to the contrary shall be held as void.* And when the voyage is ended every such seaman shall be entitled to

the remainder of the wages which shall then be due him, as provided in section forty-five hundred and twenty-nine of the Revised Statutes."

SEC. 4. That section forty-five hundred and fifty-nine of the Revised Statutes of the United States be, and is hereby amended to read as follows:

"SEC. 4559. Upon a complaint in writing, signed by the first *and* second officers, *or* a majority of the crew of any vessel, while in a foreign port, that such vessel is in an unsuitable condition to go to sea because she is leaky or insufficiently supplied with sails, rigging, anchors, or any other equipment, or that the crew is insufficient to man her, or that her provisions, stores, and supplies are not, or have not been during the voyage, sufficient and wholesome, thereupon, in any of these or like cases, the consul, or a commercial agent who may discharge any of the duties of a consul, shall cause to be appointed three persons of like qualifications with those described in section forty-five hundred and fifty-seven, who shall proceed to examine into the causes of complaint and who shall proceed and be governed in all their proceedings as provided by said section."

SEC. 5. That section two of the Act entitled "An Act to amend the laws relating to navigation," approved March third, eighteen hundred and ninety-seven, be, and is hereby, amended to read as follows:

"SEC. 2. *That on and after June thirtieth, nineteen hundred and five, every place appropriated to the crew of any merchant vessel of the United States, except a yacht, a pilot boat, or any vessel of less than one hundred tons register, shall have a crew space of not less than one hundred cubic feet, and not less than sixteen square feet, measured on the deck or floor of that place, for each seaman or apprentice lodged therein. Such place of lodging shall be securely constructed, properly lighted, heated and ventilated, properly protected from weather and sea, and, as far as practicable, properly shut off and protected from the effluvia of cargo or bilge water. And every such crew space shall be kept free from goods or stores not being the personal property of the crew occupying said place in use during the voyage.*

"Every steamboat of the United States plying upon the Mississippi River or its tributaries shall furnish an appropriate place for the crew, which shall conform to the requirements of this section, so far as they shall be applicable thereto, by providing sleeping room in the engine room of such steamboat, properly protected from the cold, winds, and rain, by means of suitable awnings or screens on either side of the guards or sides and forward, reaching from the boiler deck to the lower or main deck, under the direction and approval of the Supervising Inspector-General of Steam Vessels, and shall be properly heated.

"Any failure to comply with this section shall subject the owner or owners to a penalty of five hundred dollars."

SEC. 6. That section forty-five hundred and ninety-six of the Revised Statutes of the United States be, and is hereby, amended to read as follows:

"SEC. 4596. Whenever any seaman who has been lawfully engaged, or any apprentice to the sea service, commits any of the following offenses, he shall be punishable as follows:

"First. For desertion, by forfeiture of all or any part of the clothes or effects he leaves on board and of all or any part of the wages or emoluments which he has then earned.

"Second. For neglecting or refusing, without reasonable cause, to join his vessel or to proceed to sea in his vessel, or for absence without leave at any time within twenty-four hours of the vessel's sailing from any port, either at the commencement or during the progress of any voyage, or for absence at any time without leave and without sufficient reason from his vessel or from his duty, not amounting to desertion or not treated as such by the master, by a forfeiture from his wages of not more than two days' pay, or sufficient to defray any expenses which have been properly incurred in hiring a substitute.

"Third. For quitting the vessel, in whatever trade engaged, without leave, after her arrival at her port of delivery and before she is placed in security, by forfeiture from his wages of not more than one month's pay.

"Fourth. For willful disobedience to any lawful command at sea by being, at the option of the master, placed in irons until such disobedience shall cease, and upon arrival in port by forfeiture from his wages of not more than four days' pay, or, at the discretion of the court, by imprisonment for not more than one month.

"Fifth. For continued willful disobedience to lawful commands or continued willful neglect of duty at sea, by being, at the option of the master, placed in irons, on bread and water, with full rations every fifth day, until such disobedience shall cease, and upon arrival in port, by forfeiture, for every twenty-four hours' continuance of such disobedience or neglect, of a sum not more than twelve days' pay or by imprisonment for not more than three months, at the discretion of the court.

"Sixth. For assaulting any master or mate, in whatever trade engaged, by imprisonment for not more than two years.

"Seventh. For willfully damaging the vessel, or embezzling or willfully damaging any of the stores or cargo, in whatever trade engaged, by forfeiture out of his wages of a sum equal in amount to the loss thereby sustained, and also, at the discretion of the court, by imprisonment for not more than twelve months.

"Eighth. For any act of smuggling for which he is convicted, and whereby loss or damage is occasioned to the master or owner, he shall be liable to pay such master or owner such a sum as is sufficient to reimburse the master or owner for such loss or damage, and the whole or any part of his wages may be retained in satisfaction or on account of such liability, and he shall be liable to imprisonment for a period of not more than twelve months."

SEC. 7. That section forty-six hundred of the Revised Statutes of the United States be, and is hereby, amended as follows:

"SEC. 4600. It shall be the duty of all consular officers to discountenance insubordination by every means in their power, and where the local authorities can be usefully employed for that purpose, to lend their aid and use their exertions to that end in the most effectual manner. In all cases where seamen or officers are accused the consular officer shall inquire into the facts and proceed as provided in section forty-five hundred and eighty-three of the Revised Statutes; and the officer discharging such seaman shall enter upon the crew list and shipping articles and official log the cause of discharge and the particulars in which the cruel or unusual treatment consisted, and subscribe his name thereto officially. He shall read the entry made in

the official log to the master, and his reply thereto, if any, shall likewise be entered and subscribed in the same manner."

SEC. 8. That section forty-six hundred and eleven of the Revised Statutes of the United States be, and is hereby, amended to read as follows:

"SEC. 4611. Flogging and all other forms of corporal punishment are hereby prohibited on board any vessel, and no form of corporal punishment on board any vessel shall be deemed justifiable, and any master or other officer thereof who shall violate the aforesaid provisions of this section, or either thereof, shall be deemed guilty of a misdemeanor, punishable by imprisonment not less than three months nor more than two years. Whenever any officer other than the master of such vessel shall violate any provision of this section it shall be the duty of such master to surrender such officer to the proper authorities as soon as practicable. Any failure on the part of such master to comply herewith, which failure shall result in the escape of such officer, shall render the master or vessel liable in damages *for such punishment* to the person illegally punished by such officer."

SEC. 9. That section twenty-three of the Act entitled "An Act to amend the laws relating to American seamen, for the protection of such seamen, and to promote commerce," approved December twenty-first, eighteen hundred and ninety-eight, be, and is hereby, amended as respects the items water and butter, so that in lieu of a daily requirement of four quarts of water there shall be a requirement of *five* quarts of water every day, and that in lieu of a daily requirement of one ounce of butter there shall be a requirement of *two* ounces of butter every day.

SEC. 10. That section twenty-four of the Act entitled "An Act to amend the laws relating to American seamen, for the protection of such seamen, and to promote commerce," approved December twenty-first, eighteen hundred and ninety-eight, be, and is hereby, amended to read as follows:

"SEC. 24. That section ten of chapter one hundred and twenty-one of the laws of eighteen hundred and eighty-four, as amended by section three of chapter four hundred and twenty-one of the laws of eighteen hundred and eighty-six, be, and is hereby, amended to read as follows:

"SEC. 10. (a) That it shall be, and is hereby, made unlawful in any case to pay any seaman wages in advance of the time when he has actually earned the same, or to pay such advance wages, *or to issue any note for the payment of the same, to any other person, or to pay any person other than an officer authorized by an Act of Congress to collect fees for such service, any remuneration for the shipment of seamen.* Any person paying such advance wages *or such remuneration, or issuing any note for the payment of same,* shall be deemed guilty of a misdemeanor, and upon conviction shall be punished by a fine of not less than four times the amount of wages so advanced, *or remuneration so paid, or of the note so issued,* and may also be imprisoned for a period not exceeding six months, at the discretion of the court. The payment of such advance wages shall in no case, excepting as herein provided, absolve the vessel, or the master or owner thereof, from full payment of wages after the same shall have been actually earned, and shall be no defense to a libel, suit, or action for the recovery of such wages.

If any person shall demand or receive, either directly or indirectly, from any seaman or other person seeking employment as a seaman, or from any person on his behalf, any remuneration whatever for providing him with employment, he shall for every such offense be deemed guilty of a misdemeanor, and on conviction thereof shall be punished by a fine of not more than one hundred dollars.

“(b) That it shall be lawful for any seaman to stipulate in his shipping agreement for an allotment of any portion of the wages he may earn to his grandparents, parents, wife, sister, or children. But no allotment whatever shall be allowed in the trade between the mainland ports of the United States, or in the trade between the insular ports of the United States, or in the trade between the mainland and the insular ports of the United States, or in the trade between ports of the United States and the Dominion of Canada, Newfoundland, the West Indies, and Mexico.

“(c) That no allotment note shall be valid unless signed by and approved by the shipping commissioner. It shall be the duty of said commissioner to examine such allotments and the parties to them and enforce compliance with the law. All stipulations for the allotment of any part of the wages of a seaman during his absence which are made at the commencement of the voyage shall be inserted in the agreement, and shall state the amounts and times of the payments to be made and the persons to whom the payments are to be made.

“(d) That no allotment except as provided for in this section shall be lawful. Any person who shall falsely claim to be such relation as above described of a seaman under this section shall for every such offense be punishable by a fine not exceeding five hundred dollars or imprisonment not exceeding six months, at the discretion of the court.

“(e) That this section shall apply as well to foreign vessels as to vessels of the United States; and any master, owner, consignee, or agent of any foreign vessel who has violated its provisions shall be liable to the same penalty that the master, owner, or agent of a vessel of the United States would be for a similar violation: *Provided*, That treaties in force between the United States and foreign nations do not conflict herewith.

“(f) *That for the purposes of subsection (e) of this section, the master, owner, consignee, or agent of any foreign vessel seeking clearance from a port of the United States shall present his shipping articles at the office of clearance, and no clearance shall be granted any such vessel unless the provisions of this section have been complied with.*

“(g) That under the direction of the Secretary of Commerce and Labor, the Commissioner of Navigation shall make regulations to carry out this section.”

SEC. 11. That section twenty-six of an Act entitled “An Act to amend the laws relating to American seamen, for the protection of such seamen, and to promote commerce,” approved December twenty-first, eighteen hundred and ninety-eight, be, and is hereby, amended to read as follows:

“SEC. 26. That this Act shall take effect sixty days after its approval, and shall apply to all vessels not herein specifically exempted; but sections two, three, five, six, seven, eight, nine, ten, eleven, thirteen, fourteen, fifteen, twenty-three, and twenty-four shall not apply to yachts.”

SEC. 12. That section forty-five hundred and thirty-six of the Revised Statutes of the United States be, and is hereby, amended to read as follows:

"SEC. 4536. No wages due or accruing to any seaman or apprentice shall be subject to attachment or arrestment from any court; and every payment of wages to a seaman or apprentice shall be valid in law, notwithstanding any previous sale or assignment of wages, or of any attachment, encumbrance, or arrestment thereon; and no assignment or sale of wages, or of salvage, made prior to the accruing thereof, shall bind the party making the same, except such advance securities as are authorized by this title. *This section shall apply to fishermen employed on fishing vessels, as well as to other seamen.*"

Sec. 13. *That before proceeding to sea, the master of every sailing vessel of the United States shall engage a sufficient number of seaman, as provided by the following minimum schedule: Vessels of two hundred tons under deck, five and two-thirds effective hands; vessels of two hundred and fifty tons under deck, six and two-thirds effective hands; vessels of three hundred tons under deck, seven and one-third effective hands; vessels of three hundred and fifty tons under deck, eight and one-third effective hands; vessels of four hundred tons under deck, nine effective hands; vessels of four hundred and fifty tons under deck, nine and two-thirds effective hands; vessels of five hundred tons under deck, ten and one-third effective hands; vessels of five hundred and fifty tons under deck, eleven and one-third effective hands; vessels of six hundred tons under deck, twelve effective hands; vessels of six hundred and fifty tons under deck, thirteen effective hands; vessels of seven hundred tons under deck, thirteen and two-thirds effective hands; vessels of seven hundred and fifty tons under deck, fourteen and one-third effective hands; vessels of eight hundred tons under deck, fifteen effective hands; vessels of eight hundred and fifty tons under deck, fifteen and two-thirds effective hands; vessels of nine hundred tons under deck, sixteen and one-third effective hands; vessels of nine hundred and fifty tons under deck, seventeen effective hands; vessels of one thousand tons under deck, seventeen and two-thirds effective hands; vessels of one thousand one hundred tons under deck, eighteen and one-third effective hands; vessels of one thousand two hundred tons under deck, nineteen effective hands; vessels of one thousand three hundred tons under deck, twenty effective hands; vessels of one thousand four hundred tons under deck, twenty-one effective hands; vessels of one thousand five hundred tons under deck, twenty-two effective hands; vessels of one thousand six hundred tons under deck, twenty-two and two-thirds effective hands; vessels of one thousand seven hundred tons under deck, twenty-three and one-third effective hands; vessels of one thousand eight hundred tons under deck, twenty-four effective hands; vessels of one thousand nine hundred tons under deck, twenty-five effective hands; vessels of two thousand tons under deck, twenty-five and two-thirds effective hands; vessels of two thousand one hundred tons under deck, twenty-six effective hands; vessels of two thousand two hundred tons under deck, twenty-six and two-thirds effective hands; vessels of two thousand three hundred tons under deck, twenty-seven effective hands; vessels of two thousand four hundred tons under deck, twenty-seven and two-thirds effective hands; vessels of two thousand five hundred tons under deck, twenty-eight effective hands; vessels of two thousand six hundred tons under deck, twenty-eight and*

two-thirds effective hands; vessels of two thousand seven hundred tons under deck, twenty-nine effective hands; vessels of two thousand eight hundred tons under deck, twenty-nine and two-thirds effective hands; vessels of two thousand nine hundred tons under deck, thirty effective hands; vessels of three thousand tons under deck, thirty and two-thirds effective hands.

In sailing vessels above three thousand tons under deck, additional seamen shall be engaged at the rate of one-third effective hand for every hundred tons, or one effective hand for every three hundred tons: Provided, that on vessels of schooner rig using steam for the handling of sails at sea, the number of effective hands required by the foregoing schedule may be reduced as follows: By one, in the case of a vessel of four hundred and fifty to five hundred tons; by two, in the case of a vessel of five hundred to seven hundred tons; by three, in the case of a vessel of seven hundred to nine hundred tons; by four, in the case of a vessel of nine hundred to one thousand two hundred tons; by five, in the case of a vessel of one thousand two hundred to one thousand four hundred tons; by six, in the case of a vessel of one thousand four hundred to one thousand eight hundred tons; by seven, in the case of a vessel of one thousand eight hundred to two thousand three hundred tons; by eight in the case of a vessel of two thousand three hundred to three thousand tons; by one for every one thousand tons, in the case of a vessel exceeding three thousand tons: And provided further, That every vessel of less than one thousand five hundred tons using steam for the handling of sails at sea shall carry one man capable of operating a donkey engine; and every vessel of one thousand five hundred tons or more using steam for the handling of sails at sea shall carry two such men. Each donkey man shall be either a carpenter or capable of doing duty of an able seaman, and shall be counted as one effective hand.

SEC. 14. That not less than three-fourths of each complement called for by the minimum schedule of either the preceding or the succeeding section shall be individually effective hands—that is, of ratings not lower than assistant boatswain.

SEC. 15. That before proceeding to sea, the master of every steam vessel of the United States shall engage a sufficient number of seamen, as provided by the following minimum schedule:

Tons (gross).	Master.	Mates.	Carpenter or A. B.	Boat- swain or A. B.	Able seamen.	Ordinary seamen.
200 and under 350 .....	1	1	.....	.....	3	1
350 and under 500 .....	1	1	.....	.....	4	1
500 and under 700 .....	1	2	.....	.....	4	1
700 and under 1,000 .....	1	2	.....	.....	4	2
1,000 and under 1,500 .....	1	2	.....	.....	5	2
1,500 and under 2,000 .....	1	3	1	1	5	1
2,000 and under 2,500 .....	1	3	1	1	5	1
2,500 and under 3,000 .....	1	3	1	1	5	1
3,000 and under 3,500 .....	1	3	1	1	6	1
3,500 and under 4,000 .....	1	3	1	1	6	2
4,000 and under 4,500 .....	1	3	1	1	7	1
4,500 and under 5,000 .....	1	3	1	1	7	2
5,000 and under 5,500 .....	1	3	1	1	8	1
5,500 and under 6,000 .....	1	3	1	1	8	2

In steamers of six thousand tons and upward one able seaman or his equivalent shall be added for every one thousand tons.

Sec. 16. That any sailing or steam vessel proceeding to sea without the full complement of seamen provided for by the minimum schedules of



*this Act shall forfeit to the United States for each effective hand or equivalent a sum double the wages saved by reason of such shortage: Provided, That this penalty shall not apply to any vessel unable, after reasonable diligence, to obtain her full complement: And provided further, That in every such case the wages saved during the continuance of undermanning shall be distributed, pro rata to monthly wages, among the seamen employed during such continuance.*

*Sec. 17. That for the purposes of this Act the able seaman shall be considered the unit upon which to calculate the number of effective hands. Each of the following named shall be counted as one effective hand: Master, mate, carpenter, boatswain, sailmaker, donkey man, able seaman, and apprentice, eighteen or more years of age and with two years of sea service. Each of the following named shall be counted as two-thirds of one effective hand: Ordinary seaman, apprentice seventeen years of age and with one year of sea service, steward, male cook. Each of the following named shall be counted as one-third of one effective hand: Apprentice under seventeen years of age, boy.*

*Sec. 18. That an able seaman within the meaning of this Act must be nineteen or more years of age, and must have had at least three years of experience at sea, on deck, of which at least one year shall have been spent aboard a sailing vessel; and an ordinary seaman within the meaning of this Act must be eighteen or more years of age and must have had at least one year of experience at sea, on deck.*

*SEC. 19. That no person shall be engaged as an able seaman or an ordinary seaman except upon proof that he is such within the meaning of this Act. It is hereby made the duty of every board of local inspectors to examine applicants claiming to be able seamen or ordinary seamen, and to issue to each such applicant, after examination, provided he shall have shown the requisite fitness, a certificate as an able seaman or an ordinary seaman, as the case may be, which certificate shall be at all times retained by the person to whom it is issued. And any able seaman or ordinary seaman may prove his rating within the meaning of this Act by producing a certificate issued to him by any board of local inspectors in pursuance of this section.*

*SEC. 20. That every sailing or steam vessel voyaging between mainland ports of the United States, or between mainland and insular ports of the United States, or between insular ports of the United States, shall carry in her crew a boy or boys as follows: If she be of three hundred tons or more, but under one thousand five hundred tons (under deck), at least one boy; if she be of one thousand five hundred tons or more (under deck), at least two boys. Any vessel leaving any port of the United States without the boy or boys required by this section shall be liable to a penalty of one hundred dollars for each offense: Provided, That this penalty shall not apply if, after reasonable diligence, the boy or boys required by this section could not be obtained.*

**MR. FRAZIER.** Those sections of the bill which contain features new to maritime legislation of the United States have been patterned either upon laws already in operation in other countries or upon conclusions set forth by official or private investigators. In the judgment of American seamen, after extensive investigation and long experience with the actual operation of maritime legislation, the bill as introduced is thoroughly practical and urgently necessary to make conditions of seafaring life acceptable to Americans, both from a moral and material point of view.

I submit, further, that in view of the present activity in the direction of increasing the American merchant marine, the enactment of this bill becomes a public necessity. As seamen, we believe that the only sound theory upon which a nation's shipping may be made prosperous, in the sense of making it an auxiliary of the naval service, is that of regard for the moral and material standard of the seamen themselves. As the situation in this regard now is, and as it is likely to remain, so far as other prospective legislation is concerned, the condition of the seamen in American vessels is such that the service is necessarily dependent for manning purposes upon the floating population of the seaports. This class can never form an ideal, or even acceptable, reserve in the event of a national demand upon the seamen of the merchant service.

#### SEEKING TO IMPROVE THE LOT OF SEAMEN.

The bill is designed to remedy this state of affairs so as not only to improve the lot of those already employed as seamen by removing the evils which grow, at least indirectly, out of the existing law, but also to improve the character of future generations of that craft by making the circumstances of sea life such as will foster and not repress the inherited inclination of our race for maritime pursuits.

It may be noted that while recent maritime legislation has modified the language of certain oppressive statutes, it has failed in most instances to effect the desired change, for the reason that it has merely compromised in matters which in their nature can not be materially abated as long as they are recognized and tolerated in any degree. For this reason the bill provides for the total abolition of certain features of the present law, and, as to the rest, merely alters the language of the statutes where the same has been found to be ambiguous or nugatory.

#### WORKING HOURS AT SEA AND IN PORT.

As to cause for the amendment to section forty-five hundred and sixteen on the first page, beginning on line 11, we beg to submit that it is becoming the custom, especially in steam vessels, to keep the crew working all day and nominally sleep all night. In large passenger vessels there is one man that keeps lookout for four hours at the time—too long a time to keep a really efficient lookout; but in small steamers, especially so-called "tramps," the men are called out to keep one or two hours' lookout at night. In any case the lookout is inefficient because the men are not getting the needed rest. The man on lookout is also often ordered off to do such duty as may be found necessary. Disasters such as those of the *Elbe* and *La Bourgogne* can be traced to inefficient lookout. They occur generally between 3 and 5 a. m. Lookout is then usually lax owing to exhausted nature.

We beg to submit, as a further reason, that this system (known to seamen as "Kalashi watch") permits vessels to run with two or more men less than would otherwise be required. Hence boats are put in charge of a crew of which too often not one can steer a boat in a sea-way with either an oar or a rudder. Further, the men are all called out of their bunks sleepy, half blinded from coming suddenly on deck, hence inefficient to take such prompt action as may be found necessary to save the lives of the passengers.

We would further submit that this evil<sup>7</sup> system can be checked without a more drastic penalty than the discharge and the payment of the crew now, because it is yet in its beginning, and it is not indulged in by such firms as the American Line or the Cunarders.

We would further submit that under the present reading the statute is meaningless. By looking over sections 4514 and 4515 it will be found that their purpose is to prevent kidnaping (shanghaiing) of men, and the old reading of section 4516 gives a conditional exemption from punishment, while the new reading makes it the master's duty to report not where he gets the men, but to the consul in the next port.

#### COMPENSATION FOR DELAY IN PAYING OFF.

Page 2, line 9: As cause for this amendment we wish to submit that one day's pay is not sufficient to pay for one day's board and lodging. Board and lodging is usually about 75 cents or \$1 per day, while the average wage in deep-water trade is \$20 per month. We submit that when a seaman's pay is wantonly kept from him and he is compelled to resort to the courts to obtain redress, the vessel should pay at least his expenses, and further that there will be less litigation when it is known that the seaman is not forced to abandon his wages by delay, during which he has nothing to live on. Further, we submit that the present law under which the seaman is compelled to wait four days for his wages forces him to go to a boarding house, thus placing him at the mercy of the "crimps" both with regard to the settlement with the previous employer and the terms of his future shipment.

#### SECURITY FOR A PART PAYMENT OF WAGES DURING VOYAGE.

Page 3, line 25: Under the present law, which states "unless the contrary is expressly stated in the contract" it is a custom to put a proviso in the contract that "no money except at the master's option" shall be paid during the voyage. We submit that when a seaman has earned his money he ought to get it without begging for it. He will need the money to send to those that have trusted him (if any) for board and lodging, to send to those dependent upon him, or to use in his own way. How he uses it and when he uses it furnish an index to his character, as with other men, but no man has any right to presume that he will use it badly, and upon this assumption keep and use his money for his own advantage.

#### POWER OF MAJORITY OF CREW TO DEMAND SURVEY.

Page 4, line 9: At present a survey can only be demanded in a foreign port upon complaint signed by the "first or second officer and a majority of the crew." This amendment will bring the law on this point up to the British and German law. It has been found that officers who insist upon and sign any demand for survey acquire a bad reputation and lose employment. Hence, if they do not desire to go in the vessel, owing to her unseaworthiness, they leave the vessel under some pretense. It is almost impossible to prevail upon any officer to sign any such demand, and men's lives are lost by such vessels being permitted to go to sea.

## ENLARGEMENT OF FORECASTLES AND PROTECTION OF STEAMBOAT CREWS.

Page 5, line 3: In support of this amendment we beg to submit the following table, made up from the report of the Surgeon-General of the Marine-Hospital Service for 1893:

	North Atlan- tic.	Middle Atlan- tic.	South Atlan- tic.	Gulf.	Ohio.	Missis- sippi.	Great Lakes.	Pacific.
Scurvy and beriberi .....	3	2	2	2				29
Rheumatism .....	520	567	829	369	404	239	1,036	312
Tubercle .....	110	127	111	36	126	68	183	134
Sickness of respiratory .....	504	631	794	382	440	289	1,278	461
Digestive .....	656	684	1,245	740	686	502	1,343	544
Injuries .....	647	617	696	476	356	408	1,146	827
Total treated .....	2,440	2,628	3,677	2,005	2,012	1,506	4,986	2,307

Showing the number of cases of sickness of the respiratory organs, of tuberculosis, and of rheumatism; and also the following, compiled from the report of 1894:

	North Atlan- tic.	Middle Atlan- tic.	South Atlan- tic.	Gulf.	Ohio.	Missis- sippi.	Great Lakes.	Pacific.
Scurvy and beriberi .....	5	2	3	3	2			16
Rheumatism .....	635	676	686	514	338	370	1,072	309
Tubercle .....	126	129	144	67	100	58	177	122
Respiratory .....	601	775	682	416	323	284	1,115	475
Digestive .....	741	755	1,049	713	721	732	1,363	584
Injuries .....	730	616	575	543	333	410	1,084	755
Total treated .....	6,322	6,813	8,426	5,283	4,576	4,310	11,551	5,412

Also the following from the report of 1898:

	North Atlan- tic.	Middle Atlan- tic.	South Atlan- tic.	Gulf.	Ohio.	Missis- sippi.	Great Lakes.	Pacific.
Scurvy and beriberi .....	(B.B.)2	1	2					3
Rheumatism .....	512	547	682	562	270	316	789	563
Tubercle .....	80	243	163	112		185	172	123
Respiratory .....	441	591	736	597	324	197	1,040	581
Digestive .....	793	722	1,267	996	650	417	1,461	678
Injuries .....	658	600	802	695	426	398	1,323	1,016

The adoption of this amendment will, of course, necessitate the alteration of some forecastles, but it will reduce sickness and save human life, and we submit that the slight cost of alteration, in most cases below \$200, should not prevent its adoption. The existing regulation of 72 cubic feet, is 6 feet high, 6 feet long, and 2 feet wide, and though larger than a coffin, in the language of another speaker, is "smaller than a grave."

We further urge the adoption of this amendment at this time, because we feel that there is going to be a large increase in the merchant marine, and the expense of alterations later will be larger than at present, and it must be done some time. It is not conceivable that the present conditions will be permitted to continue.

The question of forecastle accommodations, in relation to the health of crews, is of immediate and pressing importance. The reports of

the Marine-Hospital Service are unanimously outspoken on the point that the greater number of the seamen's ailments are directly due to the existing unsanitary character of the sleeping and living quarters on board of ship.

#### ABOLITION OF IMPRISONMENT FOR DESERTION IN A FOREIGN PORT.

Page 6, line 11: This amendment deals with the question of imprisonment for desertion in a foreign port. It strikes out that part of section 4596, as it now stands, which provides that a seaman deserting or neglecting or refusing to join his vessel, or being absent without leave in a foreign port, may be punished, "at the discretion of the court, by imprisonment for not more than one month."

In support of this feature we quote the following from the speech of the Hon. James G. Maguire, in the House of Representatives, March 30, 1898:

"It is assumed by gentlemen who oppose these reforms that if sailors were allowed to leave their ships in foreign ports that right would be ruinous to the merchant-marine interests engaged in foreign commerce. Nothing could be farther from the truth.

"Prior to 1884 the articles of a sailor could not be canceled by the mutual consent of the sailor and the master of an American merchant vessel in a foreign port. The theory upon which this inhibition rested was that in a foreign port an American vessel could not get a new crew if her articulated crew should either desert or be discharged; that an American ship losing her crew in a foreign port must 'rot in her neglected brine.' Both seamen and masters have for many years known that there is absolutely no truth in the theory and have acted on that knowledge.

"For fifty years an American vessel has had no more trouble in securing a crew in any foreign port than have the vessels of the country to which the port belongs—no more trouble than she would have in securing a crew in an American port.

"The owners and masters of American vessels, required by the exigencies of trade to lie for a considerable time in a foreign port awaiting cargo, generally got rid of the expense and annoyance of keeping their crews in idleness by compelling them to desert, enlisting new crews when cargoes were ready. This practice became well-nigh universal long before the passage of the Dingley maritime bill of 1884, which sought to correct the evil by making it lawful for masters and sailors to cancel such articles by agreement in foreign ports.

"Nominally this act gives equal rights in this matter to masters and sailors, but in fact it does not. The practical effect is to authorize the master to discharge his crew whenever and in whatever port it may please him to do so, but gives no corresponding right to the sailor. The discharge must be by agreement. Neither party has a legal right to annul the contract; but the master is manifestly in a position to enforce his will if he wishes the articles canceled, while the sailor has no such power to enforce his will. The sailor can, of course, desert if he is willing to accept the legal penalties and other consequences, but he could have done that before the passage of the Dingley Act.

"The master, however, can enforce a cancellation of the agreement when it is to his interest, or to the interest of his employers, to have it canceled, by making life on the ship intolerable to the sailors who

will not agree to be discharged. This the masters very generally did before the passage of the Dingley Act.

"Before the passage of that act nearly all American sailors were forced to desert in foreign ports whenever their ships were considerably delayed in such ports. Since the passage of the act nearly all American sailors are, under like circumstances, voluntarily discharged in such ports by the masters, as the following comparative statement of the 'number of seamen discharged, deserted, and shipped by the consuls, in the ports of Liverpool, Hamburg, and Singapore, in 1883 and 1893,' certified by Mr. S. Wike, Acting Secretary of the Treasury, to the Committee on the Merchant Marine and Fisheries of the Fifty-third Congress, on May 18, 1894, will show:

Consulates.	1883.			1893.		
	Discharged.	Deserted.	Shipped.	Discharged.	Deserted.	Shipped.
Hamburg .....	20	107	109	14	None.	None.
Liverpool .....	424	a 1,114	1,614	958	15	995
Singapore .....	17	10	44	70	None.	55

a Inclusive of three quarters only. The report of desertion for the fourth quarter not found.

"The years taken for the purpose of this comparison were 1883, one year before the passage of the Dingley bill, and 1893, nine years after its passage. They are representative years of the two periods, and the ports selected are fairly representative of the foreign ports of the world.

"This table, in connection with what I have said of the absolute control of the matter of discharges held by the masters of vessels, clearly establishes my contention that no hardship to masters or owners of merchant vessels is involved in permitting seamen at will, subject to such civil damages as may be provided for, to terminate their shipping contracts in foreign ports.

"All ships of all nations stand upon an equal footing with respect to the shipment of crews in all seaports of the world. The sailor is, in the matter of his private employment, a citizen of the world. The ease or difficulty with which a crew may be secured for a ship depends not upon her nationality, but upon her reputation and the reputation of her flag for the treatment of sailors."

The CHAIRMAN. Did the English ship or ships in which you sailed allow their crews to leave when they touched an American port?

Mr. FRAZIER. Yes, sir; we were discharged.

The CHAIRMAN. You could leave voluntarily?

Mr. FRAZIER. We were told to go to the consul and get paid off.

The CHAIRMAN. In that respect their law is different from ours?

Mr. FRAZIER. I suppose so. I am not very well acquainted with the law. I did not sail long enough in an English ship to become thoroughly acquainted with the English law, and it has been a good many years ago. The change has been considerable since then.

Representative MINOR. If you had been shipped at an English port to return to that port again, could you have left her?

Mr. FRAZIER. I did not ship for a round trip. I shipped in an American port, and was made so uncomfortable in the foreign port that I had to leave; and then I shipped again in order to go to America,

and the same thing happened over here, until I could get efficient enough to go on American ships. I could not get on an American ship until I was an efficient seaman. They did not want me.

I also quote from a speech made in the House of Representatives February 19, 1904, by the Hon. Edward J. Livernash, as follows:

"My strength will not permit me to speak to-day of a multitude of minor wrongs of which the seaman is the victim; but I will speak of a wrong not minor, whose character is such as of itself to keep from the over-sea ships of our country the sort of boys, the sort of men, essential to great achievement amidst stern competition with the ships of alien nations. I refer, of course, to the maintenance of involuntary servitude in our foreign-going merchant marine.

"Under sections 4596 and 4600 of the Revised Statutes of the United States the American seaman in our over-sea service is placed outside the grace of the thirteenth amendment of the Constitution. He is the only person under our flag who may not decline his bargain to serve another in civil life without loss of liberty. He may be pursued as fugitive slaves were pursued in the dark days before the civil war if he leave his ship in violation of his civil contract, and may be imprisoned or delivered up to the master of his vessel as felons are delivered up, manacled and disgraced. He may have been lured into the service by the most outrageous frauds, but in practice the fact will avail him nothing. Let him quit the service under penalty of pursuit and irons!

"There was recently brought to my attention a case arising before the repeal of these laws in so far as they related to the coastwise trade—happily they no longer affect that trade. An American seaman, engaged as a cook, left his ship while she was in an Atlantic port. He was apprehended, brought on board, and while the ship remained in port was kept chained to the galley by a chain long enough to enable him to work there—chained as in days all the world blushes to remember slaves were chained to the oars."

MR. FIELDS S. PENDLETON. Where was that?

MR. FRAZIER. That happened in Maine.

MR. PENDLETON. What was the name of the ship?

MR. FRAZIER. It happened down in Bangor, I think it was, or Machias.

SEVERAL GENTLEMEN. We doubt it.

The CHAIRMAN. Proceed, Mr. Frazier, although it would be well, if you want to make allegations of that kind, to give the names of the ship and the master.

MR. FRAZIER. I am quoting a speech of the honorable Mr. Livernash.

The CHAIRMAN. Oh!

Representative MINOR. That is very indirect.

The CHAIRMAN. Did Mr. Livernash ever sail on ships?

MR. FRAZIER. I can not tell you. You will have to ask him.

The CHAIRMAN. We have heard something of Mr. Livernash, but we have never heard of him as a sailor.

MR. FRAZIER. Mr. Livernash continued:

"And just that practice is yet possible—nay, does obtain—as to seamen under our flag when that flag flies in foreign jurisdictions, not of the near-by trade. Think of it! It is a blistering infamy, out of joint with everything we cherish as American! Liberty! Freedom! The progress of the world demands that no man shall have a right so to sign away his time as that he may not reclaim it on penalty short

of a prison cell—not all of his life, nor twenty years of it, nor ten, nor one—no, not the fraction of an hour! The right to personal liberty is, before God, and should be, inalienable!

“I am glad to say that the leader on the other side of this Chamber, the gentleman from New York [Mr. Payne], has in other years led, and strongly led, a crusade to destroy this evil utterly. Much of the credit for killing it in the coastwise trade is due to him; and had his will prevailed, the abhorrent practice would not to-day exist anywhere under our flag.

“‘Where the great offense is let the great ax fall.’ We may not look on our yesterdays without remorse; let us have heed for our to-morrows. Sections 4596 and 4600 should be repealed. Until they are repealed which of us, sir, would wish to send a boy of his to sea on any ship subject to their un-American provisions?

In the record of the second session of the Fifty-eighth Congress, on page 2385, is printed an appendix by the Hon. Edward J. Livernash on the American seamen, which I am sure will be of great interest to this Commission; but, being a very lengthy document, I shall not at this time ask that it be printed in the hearings, but will ask those of you who are interested in the American seamen to read it, as it can be obtained at any time.

I beg to submit further that this contract slavery is so fully understood by seamen to-day that when we have made a contract to go in a vessel we do not generally say, “I have shipped,” but we generally say, “I have sold myself again.” It is not likely that the American boy, educated in an American school, with the full sense of personal liberty there taught, can be induced to seek employment branded as unfit for seamen. Neither the character of the American seaman nor the existing circumstances of his occupation justify the continuation of the contract-slave system at present applied to him. On the contrary, that system tends inevitably to a deterioration in the personnel of the service. The law of imprisonment for desertion is the cause, not, as is frequently claimed, a necessary effect of insubordination on the part of the seamen.

I beg to submit that no man should be punished penally for violating a civil contract to labor. Anyone so punished is a serf or peon, and a survival of the ancient idea that one man can have a property right in another. I beg further to submit that the discretion here vested in the court would either be exercised by some foreign police magistrate or by the consular court where, as in Turkish or Chinese ports, extra-territorial jurisdiction has been granted to our country by treaties. I urge that no man’s liberty be made to depend upon the mere whim of some justice of the peace or police magistrate alien in language and feeling, and urge that you give us the full freedom granted to other men.

#### ABOLITION OF CONSULAR AUTHORITY TO CLAIM DESERTERS.

Page 8, line 15: This amendment strikes out the provision of section 4600, which authorizes consular officers to “reclaim deserters,” and is, in view of the proposed abolition of imprisonment for desertion, purely technical in effect.



## MAKING VESSELS LIABLE IN DAMAGES FOR CRUELTY.

Page 9, line 18: The present law in the case of seamen illegally punished makes the master of the vessel liable in damages to the person punished. By the proposed amendment the liability is placed on the vessel. The right to sue the master is a barren right. His property being in some other State, thousands of miles away, can not be levied on. Further, in the great majority of instances, he has no attachable property, and the present custom of sending the offending officer on shore in time to escape before charges can be lodged against him will continue in much the same way as at present.

## SCALE OF PROVISIONS.

Page 10, lines 3 and 5: It is here proposed to make two alterations in the scale of provisions, namely, to increase the water allowance from 4 to 5 quarts daily, and the allowance of butter from 1 to 2 ounces daily. I submit that this allowance of water is no more than is absolutely necessary for food and drinking purposes, especially in hot weather, or when extra hard work is entailed upon seamen. The present allowance is inadequate, and is one of the main causes of disease and suffering at sea. So, in the case of the butter, it is found that 2 ounces per day are barely sufficient for the purpose to which that ingredient is usually applied.

## ABOLITION OF ALLOTMENTS TO THE ORIGINAL CREDITOR.

Page 10, line 20: The purpose of this amendment is to abolish the allotment to the original creditor and to prohibit the payment of remuneration, except to an authorized officer for the shipment of seamen. This system of signing away the wages before it is earned gives the seamen into the power of the crimps, and we must take an allotment, the sum of which is usually divided between the crimps and the master or the owner of the vessel. The helplessness of the seamen is so well illustrated in the following, from the testimony in *Thos. Martial et al. v. Ship Eclipse*, before Judge Morrow, in the district court of the northern district of California, December 1892:

“JOHN SAVORY, called for the claimants, sworn:

“MR. BLOOM. What do you usually do, or do you get anything for acting for the boarding-house master for shipping seamen?

“MR. HUTTON. I object to the question as immaterial and irrelevant. I do not see what it has to do with this case.

“MR. BLOOM. You brought out something about it.

“THE COURT. I guess the court is responsible for that. Do you object to it, Mr. Hutton?

“MR. HUTTON. It has nothing to do with the case.

“THE COURT. You must be confined to this case.

“MR. BLOOM. You are acquainted with the names of the libelants in this case?—A. Yes, sir.

“Q. Was there any agreement by which you were to get anything?—

A. On the \$15 allotment the boarding master was to allow me \$2.50 for my trouble in putting the men on board the ship and collecting the money. On the \$20 allotment, \$3 was allowed me for my trouble.

"The COURT. You collected \$2.50 on the \$15, and \$3 on the \$20?—A. I collect the whole amount. There was a contract made with that ship to put the ship to sea for \$175 advance, and I failed to do it. I was stuck for two men, and I went up to Murray's and he says, "I have got a man that I will give you, but I must have \$20 allotment." I paid it to him, and he allowed me \$3 off of it.

"Q. Then the boarding-house man gets this money?—A. Yes, sir; and then there are runners to be paid out of it. They get \$5, \$10, \$15, or \$20.

"Q. For what?—A. For landing the sailors, according to circumstances; sometimes \$5 and sometimes \$10.

"Q. Take this case of Thomas Hosford. Whose writing is that?—A. My writing.

"Q. Do you remember the name of Thomas Hosford on board this vessel?—A. No; I can not bring him to mind, unless he is that man sitting there.

"Q. Fifteen dollars?—A. Yes, sir.

"Q. How much did you get out of that, \$2.50?—A. Yes, sir.

"Mr. BLOOM. You did not take it out?—A. He makes me a present of it. I turn the money over to him, and he says, 'This is for your trouble.'

"The COURT. You pay him the \$15?—A. Yes; I paid him \$30 on two seamen.

"Q. This is Samuel Winn?—A. Yes, sir.

"Q. He is the man that furnished Petersen?—A. I think he is the man; yes, sir.

"Q. And you gave him \$30, and he gave you \$2.50 back in each case, making \$5?—A. Yes, sir.

"Q. He retained the other?—A. Yes, sir.

"Q. You say that he pays money also to a runner?—A. Yes, sir; when the runner brings the man, the same as this man Petersen. I went to him and asked him if he had any men to put in the ship. There was a man in the back, and he said, 'I will have a man here, or two men, at such a time. When do you want them?' Naturally, he allows that man something for getting Petersen.

"Q. For getting him from a British vessel?—A. I don't know where he came from. The other man came out of an English ship that morning, landed by a runner.

"Q. Both of them appear to have had money due them?—A. They desert their vessels and run away.

"Q. This runner gets these men from the English ship and he claims certain compensation?—A. He works for a boarding-house master. The runners have an association. They make an agreement among themselves that they shall have \$5 for landing a sailor, or according to how the trade is. If men are scarce and blood money is paid, they get so much out of the blood money.

"Q. What is blood money?—A. That is something else.

"Q. What is it?—A. I don't know, only what I am informed; but as far as I know, the captain wants a crew and the captain has to pay \$86 for each man. That is what the association of boarding masters sometimes charge—\$4 bonus on English ships, \$5 shipping fee, and \$1 boatman, and \$40 advance. In American vessels they do away with that \$5 shipping fee.

"Q. Where is the blood money? Of that \$86, how much blood money is there in that?—A. Forty dollars.

"Q. Does the captain pay that?—A. The captain of the ship pays it?

"Q. Does he get it back from the sailor?—A. I am not in the deep-water business. I presume he does; I will not swear to it.

"Q. You presume he gets it back from the sailor?—A. Yes, sir.

"Q. Is there any blood money in the coasting business?—A. No, sir; unless you make arrangements with the captain to furnish the crew at \$15 or \$20 for your trouble. You can call it blood money or expenses.

"Mr. BLOOM. There is one question I should like to ask you in reference to these notes: Did they fully understand what these notes were for? Did you fully explain it to them? They owed money, and these notes were to pay that?—A. Yes, sir; the men went aboard the ship satisfied, and went off satisfied.

"Cross-examination by Mr. HUTTON:

"Q. There was one of those men who was a Spaniard?—A. They are all different nationalities. I can not swear to what nationality they were.

"Q. You frequently pick up men in shipping crews that are foreigners, and unable to talk English?—A. They come through runners and boarding masters.

"Q. I ask you if you do not frequently pick up men and put them on vessels under similar circumstances to this who are foreigners and do not talk English?—A. Yes, sir.

"Mr. BLOOM. I object to that.

"The COURT. He can answer the question.

"Mr. HUTTON. There was a man named Pablito on the ship. Do you remember him? Do you remember any man on the vessel who could not talk English?—A. There was no man in that ship that could not speak English. I spoke to them myself.

"Q. You do not remember it, I suppose?

"The COURT. He says he does not remember any one that could not talk English.

"Mr. HUTTON. Where were you when you made the notes out?—A. In my office, except the notes made out on board the ship.

"Q. Were there notes made on board the ship?—A. Yes; in place of one or two men that were short.

"Q. Those that you took on late?—A. Yes, sir.

"Q. You say that you explained to them about this advance note, what it was for?—A. I read it to them this way: 'San Francisco. Date. \$15 or \$20 (whichever the case may be), twenty-four hours after sailing of the ship *Eclipse* please pay to boarding master.'

"Q. Did they understand that they were not receiving that amount in advance?—A. The men understood they were signing their advance notes to the boarding masters.

"Q. Did they also understand that they did not receive that amount of money?—A. They were settled up with.

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"Mr. HUTTON. You say you agreed to put them on for \$175. Was any other figure discussed?—A. No, sir; I failed to do it for that.

"Q. How much did you get?—A. She paid \$200.

"Q. You did get \$200, eventually?—A. Yes, sir.

"Q. You were paid more than you originally agreed?—A. Yes, sir.

"Q. You testified in response to a question of Mr. Bloom, that you explained these notes, or read them over to the sailors? You just read them, that is all.—A. I read them, and would say, 'Sign this, sign the articles, and here is the note.'

"Q. That is all you said to them?—A. I read it, 'Twenty-four hours after sailing of the ship *Eclipse* please pay to boarding master \$15 or \$20, and charge the same to my account.'

"Q. Did you read it over to each man personally?—A. I think I did. I know I did to a good many. Some of them took it up in their hands.

"Q. This particular man here, Wallis; did you explain to him why he should sign a note for \$20, when he had only been in port some two or three hours?—A. It was signed on board the ship, if I remember aright. I wrote the note out on board the ship. The man was not sober.

"Q. Was he very drunk?—A. He was not so drunk that he could not get around, but he was not all right. He knew what he was doing.

"Q. You did not enter into a discussion with him, or explain why he should give away \$20 for the mere privilege of going to the boarding-house and going aboard another ship within a few hours?—A. No, sir; but they had a boy from the house, either Murray's son or stepson. He stayed with this man and went aboard and went in the fore-castle, and the man did not want to go for \$25. They talked him into it. The man went aft and signed his note at the same time.

"Q. Did you tell him you were going to get \$3 for the mere privilege of asking him to put his name on the articles?

"Mr. BLOOM. I object.

"Mr. HUTTON. Did you explain that to him?—A. I can not say whether I explained that to him.

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"Mr. HUTTON. Were you present when this man Petersen signed that order?—A. Yes; he signed the articles and order both.

"Q. He signed it on the Monday afternoon previous to the ship sailing?—A. If I remember right, the ship went away on Wednesday. If that was the case, he signed it on Monday afternoon.

"Q. From the time that you first saw him to the time that he signed this \$15 note was only a few minutes?—A. That is all.

"Q. At that time you had done nothing for him?—A. I had done nothing for him."

Notwithstanding the testimony taken by this honorable Commission in the port of New York that seamen in the coastwise trade would like to have advance, I will, if the Commission so desires, undertake to place in its hands before the convening of the next session of Congress, a petition signed by nearly 30,000 coasting seamen, that they do not want any advance. I fully realize what I am saying when I make this statement; it means that I have not only got to secure the signatures of every member of the International Seamen's Union of America, but nearly 5,000 nonunion seamen.

The CHAIRMAN. That is not necessary. I think the weight of testimony, both in New York and Philadelphia, was very strongly against advances.

Mr. FRAZIER. A feature of this system not brought out by this testimony is, that these shipping agents are sending utterly incompetent men to sea. This applies in the coastwise trade as well as the deep water, as you can find out by questioning some of the masters of vessels that have been getting their crews outside of the United States shipping commissioner's office in this port. The shipping agent's interest prompts him to look after the man from whom he can obtain the most money. Real seamen refuse, when they can, to be thus robbed, and landsmen are put in the vessels. Thus the lives of the men and the safety of the property are endangered in order that some shipowner may get a cheaper crew and the crimps obtain a few dollars.

Senator MALLORY. Why is it that a man once treated that way will allow himself to be treated that way the second time?

Mr. FRAZIER. The main reason is that when the man comes ashore he can go nowhere else than the boarding house, unless he can get part of his money. He can not well live on the streets. When he once gets into the power of the crimps he gets treated that way.

Senator MALLORY. You speak of the boarding-house keeper and the crimp as the same person.

Mr. FRAZIER. He is the same party.

Senator MALLORY. Who is the shipping agent?

Mr. FRAZIER. He is the first cousin of the boarding-house keeper.

Senator MALLORY. He is the gentleman who ships through the instrumentality of the crimp?

Mr. FRAZIER. He is the go-between between the boarding-house keeper and the shipmaster.

On this point we would refer to the following testimony of Mr. James O'Brien, formerly United States shipping commissioner at Philadelphia, Pa., and since then engaged as "shipping agent" at that port, taken before the hearing before the Committee on Merchant Marine and Fisheries, January 24, 1896:

"Now, I want to throw all the light I can on this subject, so you can give us a law under which we can work. I would like to work without any of this trouble, because this blood-money charge is made so much of. It has got down so fine, for the last seventeen or eighteen years, that the owners in Europe know as much as we do. We had a communication not long ago from the owners of ships bound to this port wanting to know what the returns would be, and saying that they could get so much and would expect so much. We have done a good deal of work for these ships, and paid out some money, etc., but they wanted as much as anybody else would give them. We told them, of course, we would do as much as anybody else. This return of blood money is of no benefit to us. We simply take that off the bill; so much returns. We get \$2 apiece shipping on foreign voyages. A case was tried some fifteen or sixteen years ago in New York on that question, and the district court ruled that there was no jurisdiction over foreign vessels, and precisely the same law as—

"Mr. FURUSETH. On the allotment note that is made out for \$35, it is paid by the consignee of the vessel with \$30?

"Mr. O'BRIEN. That is not the way to pay this. It is done in a different way. They get, say, \$35 advance to go to San Francisco, and the Government allows that. Now, they get an order from the captain, say, for \$5 more, making \$40. The sailor signs an order on the

captain to pay over, say, \$5 desired by him, and the ship pays that \$5 he has in the treasury and gives them a full accounting, so the sailor, at the expiration of the voyage, will not have that, and the ship is really not out of it."

It is to be noted that the provisions against the issuing of any note for the payment of advance wages, and the payment of any remuneration to "any person other than an officer authorized by an act of Congress" for the shipment of seamen are merely reenactments of the law as it stood until quite recently. Experience with the allotment feature of the law has proved that unless such provisions are reestablished all efforts to limit the abuse of the allotment must fail, since the crimps and others who benefit by that system are enabled to make good the difference in the reduced amount of allotment by demanding a corresponding high "shipping" fee from the shipowner.

Another feature of this section is the addition of a new subsection (f) prohibiting the issuance of clearance papers to foreign vessels except upon proof contained in the shipping articles that the law in the matter of allotment has been complied with. The allotment law already applies to foreign vessels, and the law has been declared to be constitutional, in the case of *B. M. Patterson et al. v. Bark Eudora*, U. S. Supreme Court, and foreign vessels are also required to present their articles at the office of clearance, so that no additional delay is to be anticipated by the operation of the proposed amendment. It is believed that under this system the clearance officers will be enabled to detect and prevent any systematic violation of the law, as has been done already to a great extent by the shipping commissioners in the case of American vessels.

#### LAW APPLICABLE TO WHALING AND FISHING VESSELS.

Page 13, line 14: This section strikes out the words "fishing and whaling vessels" in order to bring that class of vessels within the provisions of the sections named. Whaling vessels are in the habit not only of illtreating the seamen, but the seamen are being starved and, by the allotment system, cheated out of their earnings.

#### MANNING AND EFFICIENCY SCALE.

Page 14, line 8: This section of the bill embodies an entirely new feature of American maritime legislation. However, the question of manning has long been mooted and the necessity of such legislation agreed upon. The scales provided for in the bill have been adopted from the recommendations made in the report of the committee appointed by the board of trade to inquire into the manning of British merchant ships (1896). The investigations of this committee were exhaustive, and inasmuch as the conditions in regard to manning are similar in American and British ships, except in our coastwise trade where we use a large fore-and-aft with steam, for which due allowance is made, we deem it advisable to quote at some length the conclusions of the report, as follows:

"Owing to unrestricted competition and the absence of any requirement as to qualification, the quest for employment in the mercantile marine has degenerated in many cases into a mere scramble, in which very little consideration is bestowed on the conditions of service so long as employment is secured. Articles of agreement containing

particulars respecting the ship, the voyage, the crew, and the provisions are indeed read over to the parties by a superintendent of mercantile marine before being signed, and it has been suggested that if a seaman or fireman is not content with the information contained in the articles he has it in his power to examine the vessel for himself.

"The weight of the evidence shows conclusively that such an examination is in practice seldom made, as the seamen and firemen are generally under the impression that if they were inquisitive they would not be wanted, and when men are taken out in tugs, or shipped at night, or engaged at another port and sent by train, such an examination is out of the question.

"The conditions and circumstances of sea service differ, in fact, so widely from those of any employment ashore that there is not, and can not be under existing circumstances, such a thing as a contract entered into on equal terms by employers and employed. It has been declared by the witnesses who have given evidence on behalf of ship-owners that there are various considerations not even referred to in the articles of agreement which must be taken into account in determining a proper crew for a ship, such as rig, sail area, steering gear, winches, number of fires, coal consumption, position of bunkers, etc. In signing articles the seaman can have no adequate knowledge of such considerations, nor of the extent of work to which he binds himself, and he has subsequently practically no appeal. It is greatly to the credit of the general body of shipowners that their position in dealing with the sailor is not frequently taken advantage of; but such virtue is scarcely to be expected from every member of a large body, and it is therefore incumbent on the State to provide reasonable safeguards for the seaman in those respects in which he can not practically help himself.

"A case may be quoted illustrative of the conditions and results of a contract entered into in the United Kingdom in time of labor disputes. The crew of a vessel signed articles at Liverpool to join at Newport, but were actually put on board from a tug in Barry Roads. After sailing the crew came to the conclusion that the ship was undermanned and refused duty on the master declining to accede to their demand to put into the nearest port. The ship eventually put into Bahia, where the men were tried by a naval court for insubordination, refusal of duty, combining to disobey lawful commands, neglecting duty, impeding navigation of the ship and progress of the voyage, and eighteen of them were sentenced to imprisonment at Bahia for ten weeks each, and one for twelve weeks. The court did not express any opinion as to the plea of undermanning, although both the mates admitted that the vessel was undermanned. It is, however, immaterial to the present inquiry whether this particular vessel was or was not undermanned. The case is illustrative of the manner in which contracts for sea service are sometimes entered into. Men are brought from a distance and put on board ships at night without an opportunity being afforded them of judging as to the state of the ship or her requirements as to manning. By working for their lives they may succeed in reaching their destination, and thus they will have established their number as a proper crew for the vessel until a further reduction is made; but should they refuse to fulfill their contract, which may perhaps involve excessive risk and work for a whole year, they may, as in this case, be thrown into a foreign prison.

"The requirements which determine or should determine the manning of merchant ships are so very different in steamers and sailing ships respectively as to point to a total separation of the two cases. This is obviously true, of course, inasmuch as the steamship requires, and the sailing ship does not require, a staff of men below to work the boilers and engines. But even leaving this great distinction aside for a moment, other great distinctions remain. In the case of a steamship the duty imposed upon her by statute of giving way to sailing ships involves a primary and very special necessity for a lookout of the highest quality, and the rules of the road, by imposing upon all steamers the duty of avoiding collisions with each other by specified uses of the helm and engines, make it incumbent on such vessels always to keep the best possible lookout.

"There is, therefore, in large steamers, an absolute necessity for one man to be continuously on the lookout, at least by night, and another to be continually at the wheel. For the moment we will assume that a third man is necessary, whatever be the size of the ship, for examining and trimming the regulation and other necessary lights; examining or using the log; keeping the boat tackle, the lead, etc., in readiness for use; securing gear which may get adrift; examining and keeping tight the hatchways and ventilators in bad weather; complying with any orders the officer of the watch may find it necessary to give; calling the captain and the watch below; and in times of stress, affording some relief to the men at the wheel and upon the lookout, four-hour watches at these latter duties, with intervals of four hours only for sleep and all other relaxations, being quite as much as men can be expected to efficiently perform, especially in bad weather and under severe conditions of storm, cold, or other circumstances of exposure at sea.

"Although we have mentioned last this relief to be rendered by the third deck hand to the helmsman and lookout man, we attach great importance to it, because of its immediate bearing upon the safety of other vessels. An undermanned steamer, driving ahead in crowded waters, especially by night and in thick weather, with a bad lookout and a fatigued helmsman, is as great a source of danger to other vessels as to herself, a fact which furnishes, it may be incidentally remarked, a claim to the sympathy and support of other nations in our maritime legislation, the benefits of which are in this respect shared by all the nations that send ships to sea.

"Three deck hands at least on watch, in addition to the officer of the watch, being thus regarded as necessary for a steam vessel of, say, 700 to 800 tons gross measurement, no great increase of demand for men becomes apparent (in the assumed absence of auxiliary sail power) if we double the size of the ship. One lookout man and one helmsman (with steam steering gear) are as able to perform their duties in the large as in the small vessel, and the increase of duty must in this instance, when at sea, fall entirely upon the third hand, in the absence of a carpenter or boatswain, such increase of work resulting from the increased extent of the ventilators and hatchways to be cared for, and of the general work upon the deck of the larger ship. Even this limited increase of duty points undoubtedly to some increase in the deck crews of steamships with marked increase of size, but the rate of such increase will obviously be slow. The sail power of ordinary trading steamers has become so small that it may be left for the



moment out of account; but the sizes of the ropes and hawsers increase with the size of the ship and render an increase of hands necessary, especially at times of entering and leaving port.

"In the sailing ship (save for causes presently to be mentioned) the increase of sail area to be spread and taken in corresponds roughly to the increase of the size of the ship to be propelled, and the rate of increase of the crew, apart from the lookout and the steering, must proportionately increase. It is quite true that there are causes, and powerful causes, at work to reduce the necessity of multiplying the seamen in sailing ships at the rate here suggested. The first cause is the great simplification which the rig of merchant sailing ships is undergoing, by the diminution of yards and square sails on most of the masts, and the use of fore and aft sails as the only or the chief propelling canvas. All these fore and aft sails being set and taken in from the deck, the labor, and consequently the demand for men, are accordingly reduced. The other cause is the occasional application of mechanical power—mostly steam power—to the working of the ship under canvas. \*

"All these matters have had to be considered by us in providing for the deck services of steam and sailing ships respectively, and so considered as to deal fairly with existing ships in view of the modifications of sail power which so many of them, both sailers and steamers, are even now undergoing; at the same time we have to avoid, so far as possible, the discouragement of further economies of labor in the mercantile marine. On the whole, we have come to the conclusion that it is best to keep sailing ships and steamers altogether distinct in the manning schemes which we propose for adoption.

"There are those, we observe in passing, who regard the discouragement of labor-saving improvements as so inevitable and so serious consequences of State control over manning as to oppose themselves absolutely to any government control of manning whatever. We do not for a moment conceal from ourselves that some risk of delaying the further improvements of nautical systems and appliances must be run. But we hold that the proper method of reducing this risk to a minimum is to keep the controlling authority up to date as nearly as may be.

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"Sailing ships are now but rarely employed in carrying passengers, and in all, except the very smallest, there will always be a sufficient crew to secure three hands in each watch for taking the helm and the lookout and providing the spare hand, and therefore to insure the safety of other ships. Collisions between sailing ships are comparatively rare, for as a rule they do not approach each other at great speed; and, when it is necessary to get out of danger's way, they maneuver quickly with the assistance of their sail power. When they meet steamers, it is always the duty of the latter to get out of their way. This comparative immunity from collision and consequent comparative security from one cause of loss of ships is partly counterbalanced, however, by other considerations, as we shall presently see.

"The difficulty of framing a manning scheme for sailing ships is, however, much greater than it is in the case of steamers. Beside the bridge, the wheel, and the lookout, there are duties to be performed which are at times excessively light, and at other times as excessively heavy. A ship may have foul weather throughout her voyage, with

constant hard work for the crew; or, on the other hand, she may have a prosperous run for months with scarcely any work for the crew, but at almost the last moment may experience a sudden exigency which casts the fate of the ship upon the ability and smartness of the crew in handling sails. Ships should be manned with some regard to such emergencies.

"Another difficulty presents itself in the fact that different ship-owners sail their ships upon different systems. Some are content to make comparatively slow, and therefore long voyages, and in this case their officers reduce sail leisurely when the necessity for doing so seems about to arise, and seldom or never carry on to the full extent of the vessel's capability, so that a less number of seamen suffice than when the owner's object is to make a very rapid passage, in which case it is usual to crowd on all the canvas that can be carried, and to keep it set as long as is possible without endangering the spars.

"Notwithstanding the fact that the number of seamen in sailing ships has been greatly diminished of late years—say, during the last forty years—owing to the general abandonment of studding sails and royals, the introduction of double-topsail yards, of patent windlasses, and of various other labor-saving appliances, and although it is certain that from these causes there has been a nearer approach to equalization of the numbers of men carried in ships of similar tonnage, there still remain considerable differences in the demands for seamen apart from the question of size, especially when the nature of the voyages to be performed is brought into view.

"Having regard to all these considerations, we should have been glad to have still left this branch of the question wholly to the discretion of shipowners; but the evidence before us has exhibited so many examples of extremely low manning, as compared with that of other vessels, that it is impossible to regard the existing system of perfectly arbitrary manning as consistent either with safety or with a due regard to the well-being of British seamen. It has, therefore, become our duty to offer recommendations and to frame a manning scheme for sailing vessels."

To show that undermanning exists in this country as well as in England you only have to look at the Commissioner of Navigation's report for the year ending June 30, 1903, to illustrate.

The schooner *Alumna*, 696 tons gross, North Bend, Oreg., carries 11 men exclusive of the master; the schooner *Addie M. Lawrence*, of Bath, Me., 2,807 tons gross, carries 12 men exclusive of the master.

Representative MINOR. What is the rig of that vessel; is she a fore-and-after?

Mr. FRAZIER. Yes, sir.

Representative MINOR. She carries 11 men?

Mr. FRAZIER. Yes, sir.

Representative MINOR. What trade is she engaged in?

Mr. FRAZIER. The coasting trade.

Representative MINOR. You say she is a fore-and-after?

Mr. FRAZIER. Yes, sir.

Representative MINOR. Has she hoisting engines, donkeys, etc.?

Mr. FRAZIER. I will not say as to that.

Representative MINOR. That is very important.

Mr. FRAZIER. I will give you some other instances where I know the vessels.

The schooner *S. G. Wilder*, 604 tons gross, Port Blakeley, Wash., carries 11 men exclusive of the master; the schooner *S. G. Haskell*, 681 tons gross, of Millbridge, Me., carries 7 men exclusive of the master, and the schooner *Edward E. Briery*, of Bath, Me., carries the same number, 7 men.

Representative MINOR. Is it not a fact that some of those vessels carry more men than others for the purpose of loading, using the crew for loading instead of using dockwallopers, as they call them?

Mr. FRAZIER. Out on the California coast?

Representative MINOR. Anywhere.

Mr. FRAZIER. On this coast I do not know of any vessel which carries men for loading a vessel.

Representative MINOR. Does not the crew help?

Mr. FRAZIER. No; they seldom, if ever, handle cargo on this coast.

Representative MINOR. Occasionally they do, I hear.

Mr. FRAZIER. If they do, it is down in the West Indies. They may attend to the guy on an ice vessel and push the ice along.

Senator MALLORY. What inference do you draw from the facts you are presenting?

Mr. FRAZIER. That there is absolutely no system of manning. Here is the *S. G. Haskell*, 681 tons gross, a three-masted steam schooner. She carries 7 men. The *Edward E. Briery*, of something over 1,600 tons, carries the same number of men.

Senator MALLORY. Has she steam?

Mr. FRAZIER. Both have steam and both have the same rig.

Mr. FIELDS S. PENDLETON. Do you say that the *Briery* carries the same number as the *Haskell*?

Mr. FRAZIER. According to the Commissioner's report she does.

Mr. PENDLETON. That is absolutely incorrect. I know something about the *S. G. Haskell*.

Mr. FRAZIER. I am taking it from the official report of the Commissioner of Navigation.

Mr. DANIEL S. EMERY. I own a part of the *Haskell*.

Representative MINOR. I will ask you, then, whether this statement is correct.

Mr. EMERY. No, sir.

Mr. FRAZIER. I took the statement from the report of the Commissioner of Navigation.

Representative MINOR. Printers often make mistakes.

Mr. FRAZIER. I was quoting that report.

The CHAIRMAN. Proceed, Mr. Frazier.

Mr. FRAZIER. In the case of the *Haskell* and the *Briery* it means a cook, 2 mates, and 4 able seamen, leaving 1 mate and 2 able seamen of the watch, the mate alone on deck when the wheel and the lookout are manned. The simplest work will require the calling of the man off the lookout, and to take in even the small sails the watch below must be called. The *Haskell* and the *Briery* use steam for hoisting their sails, but steam can not reef or take in sail at sea during bad weather. Human intelligence, skill, and adaptability must in such cases be the safeguards.

With reference to the question of inefficiency of seamen, the same report, after recommending the issuance of continuous certificates of service, says:

"We are of opinion that the recognition of such certificates would adequately protect the qualified British seaman from unfair and undesirable competition, and would, without unduly interfering with the employment of foreigners or boys, insure the proper manning of ships in so far as the qualifications of the individual members of the crew are concerned. The obligation to carry a certain number of A. Bs. or their equivalents in every ship, and the permission to substitute boys, apprentices, or ordinary seamen for a certain proportion of A. Bs. would, moreover, afford a solution of the vital question as to the supply of British seamen. It would, indeed, be incorrect to say that there is a lack of seamen at the present time, the supply, such as it is, being greater than the demand; but the men offering are sometimes little better than a rabble, and the committee believe that the classification of seamen in the manner suggested is absolutely needed to prevent the employment of tramps and loafers on work for which they are not fitted. Such classification would raise the tone of British seamen, who would feel that there is some advantage to be derived from service and qualification, and would continue in the sea service instead of abandoning it at the first opportunity."

#### TO PROHIBIT THE EMPLOYMENT OF CHINESE ON AMERICAN VESSELS.

A bill has been introduced in the House of Representatives by the Hon. Edward J. Livernash, of California, known as H. R. 12230, to prohibit the employment of Chinese on board of American vessels. We most respectfully submit that in asking for the passage of this measure that we are simply asking for the same protection against the "heathen Chinese" as has been accorded other workingmen on shore; and apart from the protection of our labor, is it a good policy to train alien seamen that can not become citizens? If this policy is to be pursued, where will the nation draw from in time of a national need? It has been claimed that the white man is unable to stand the heat in the trade to China. We stand the heat in going from New York to River Plate and Rio, crossing the Equator; we stand the heat in the trade between San Francisco and Australia again crossing the line. I herewith submit the bill and ask that you give it your consideration.

[H. R. 12230. Fifty-eighth Congress, second session.]

A BILL To prohibit the employment aboard vessels holding American register of Chinese persons not entitled to admission to the United States.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That from and after the passage of this Act it shall be unlawful for any vessel holding an American register to have or to employ in its crew any Chinese person not entitled to admission to the United States, or into the portion of the territory of the United States to which such vessel plies; and any violation of this provision shall be punishable by a fine not exceeding two thousand dollars. But said penalty shall not accrue in the case of any such vessel which shall suffer the loss of a portion of her crew by reason of distress or stress of weather in any foreign jurisdiction or port and shall be compelled thereby to employ Chinese seamen to complete her complement of officers and men: *Provided*, That to relieve from said penalty in such case it shall be shown to the satisfaction of the appropriate officer of the United States that in such foreign jurisdiction or port no seamen other than Chinese were obtainable, and that

every such Chinese seaman was discharged from the service of such vessel immediately upon the arrival thereof at the first port where seamen other than Chinese could be obtained, and that if so discharged at any port under the jurisdiction of the United States no such Chinese seaman was permitted to depart from such vessel, but that each such Chinese seaman was forthwith transported as a passenger on such vessel, and at the expense thereof, to a foreign port, and that no such Chinese seaman did reenter the service of such vessel after such discharge.

SEC. 2. That any vessel holding an American register and directly and regularly competing for freight and passenger or freight or passenger traffic with any vessel or vessels holding foreign register and regularly employing Chinese seamen as a majority or more than a majority of crew, shall, for each voyage from and to a port of the United States, be paid, out of any moneys in the Treasury of the United States not otherwise appropriated, a sum equal to the difference between the wages actually paid to her seamen and the ruling wages which would have been paid for corresponding service by Chinese seamen, said sum to be computed by the appropriate officer of the United States.

SEC. 3. That "the appropriate officer of the United States," within the meaning of this Act, is that officer who is appointed for the designated service by the Secretary of Commerce and Labor of the United States.

SEC. 4. That when the officer designated by the said Secretary of Commerce and Labor to make the computation mentioned in section three shall have made such computation the award shall be final and not subject to review by the judicial branch of the Government of the United States: *Provided*, That an appeal from said award may be made on behalf of the vessel concerned, or by any officer of the Department of Commerce and Labor on behalf of the United States, to the said Secretary of Commerce and Labor, within ninety days after the said award.

SEC. 5. That the said Secretary of Commerce and Labor shall fix the time and manner of payments hereunder, prescribe the vouchers, with forms of account and verifications upon which such payments shall be computed and made, and shall prescribe whatever regulations may be necessary to carry into effect the provisions of this Act.

SEC. 6. That this Act shall take effect sixty days after its passage.

The CHAIRMAN. We had before the Commission to-day a shipowner who has a line of ships on the Pacific coast which he is struggling to maintain, and he said that if he could not use Chinamen he would have to surrender immediately. Are you in favor of that?

Mr. FRAZIER. I can not see why he should surrender.

The CHAIRMAN. His competitors employ Chinese labor.

Mr. FRAZIER. All the American ships, I understand—the Pacific Mail Line and all those boats trading between the Orient and the California coast—do use Chinese.

The CHAIRMAN. You want to prohibit them from using Chinese?

Mr. FRAZIER. Yes, sir; most undoubtedly.

The CHAIRMAN. This shipowner says that he could not sail his ship in competition with the other ships, which do employ Chinese labor, if he is compelled to do what you and Mr. Livernash ask.

Mr. FRAZIER. I do not believe that shipowner would submit to it if Mr. Hill's ships were also allowed to carry Chinese.

Representative HUMPHREY. Mr. Hill's ships are not running. He referred to the British line—the Empress line.

Senator LODGE. The British and Japanese lines.

Mr. FRAZIER. There are some other American ships that belong to the Pacific Coast Steamship Company, flying the American flag, which carry Chinese. Chinese were brought from China on an English ship and put aboard of this ship to take her out of San Francisco.

The CHAIRMAN. Those ships which are in competition with the American line are employing Chinese labor. Now, you say the American line shall not employ Chinese labor. That would put the American line at a great disadvantage; and, as Mr. Winsor said, it would put his ships out of commission. Are you in favor of still further destroying the American merchant marine?

Mr. FRAZIER. I do not want it destroyed, but I want the sailor protected. I understand that this Commission was appointed for the purpose of devising some means of building up the merchant marine.

The CHAIRMAN. That is correct.

Mr. FRAZIER. And also protecting the sailor. I am here representing the sailor.

#### AMERICAN AND CHINESE WAGES.

Senator MALLORY. Do you know the difference between the pay of Chinese and the pay of Swedes or Norwegians or Italians or Portuguese?

Mr. FRAZIER. In the island trade out of California, on deck the pay is \$35; in the fire room \$45, for the Caucasian; for the Mongolian, for firemen, I think about \$7, and for the Chinaman, I think, it is about the same thing.

Senator MALLORY. Then the difference is as between \$7 and \$35?

Mr. FRAZIER. I think that is right. I would not say those are the exact figures, but I think they are very nearly correct. You understand the Chinese are not paid in United States money. They are paid in Mexican dollars.

Senator MALLORY. That makes it still less?

The CHAIRMAN. About \$3.50.

Mr. FRAZIER. No; my figures were in American dollars.

Senator LODGE. They get \$14 to \$15 Mexican.

Senator MALLORY. A steamship of 7,000 tons would probably have 100 men in her crew, would she not?

Mr. FRAZIER. I do not know much about steamships.

Senator MALLORY. I mean if she was a passenger vessel.

Mr. FRAZIER. I understand they carry from two to three Chinamen where they carry one white man.

Senator MALLORY. I think that has been in evidence before. Do you not think it would handicap American ships very much to require them to employ seamen at \$35 a month when their British and Japanese competitors are paying only \$7 a month?

The CHAIRMAN. And receiving a subsidy in addition.

Representative MINOR. And receiving a subsidy too.

Mr. FRAZIER. You will have to excuse me. I, as a trade unionist, never sought to look into my employer's business. I always regarded him as being able to do that himself.

Representative MINOR. You do not want to knock your employer out?

Mr. FRAZIER. No, sir; I do not want to knock him out. If my employer sees fit to explain his business to me, all well and good. If not, I am not going to stick my nose in. I have found enough to do to attend to my own business.

#### EFFECT OF CHINESE EXCLUSION.

Senator MALLORY. We are after facts to enable us to rehabilitate the merchant marine of the United States. We can readily see that we can in certain lines do things which may benefit the merchant marine, but in doing them we may hurt other citizens of the United States very much. If we draw a dead line and say that no Chinaman or Mongolian or any man of dark skin or yellow skin shall be allowed to be employed on a vessel flying the American flag, while it may give employment to some American sailors, it may possibly run out of commission all the ships we are trying to put into the business. We are trying to put ships in business. I merely ask you these questions because I should like to have any light you can possibly throw on it.

Mr. FRAZIER. I do not know that I can throw light on that subject. I believe the shipowner would be the best man to answer those questions.

Senator MALLORY. A shipowner this morning told us it would kill his business if such a thing were done.

Mr. FRAZIER. I am here as an American sailor asking for the same protection that you give the American mechanic ashore. You do not allow the Chinese to come into the country and compete with the mechanic. We are asking for the same privilege.

The CHAIRMAN. No; neither do we allow British or French or German manufacturers to come here and employ Chinese labor on land. You must bear that in mind. But they do employ such labor on the sea in competition with American ships.

Representative HUMPHREY. I should like to ask you this question, because it is a practical one and one in which the section of country which I represent in the House is directly interested. We have this condition of affairs upon Puget Sound. We have the Boston Steamship Company sailing vessels from there to the Orient. Up to the time of the war they were in direct competition with a line of Japanese steamers. That line of Japanese steamers was subsidized to the extent of about \$325,000. Directly on the way to sea, at Vancouver, the American Line comes in competition with the Empress Line, subsidized to the extent of \$300,000 annually. Each of those lines employs Chinese labor on its vessels.

The Boston Steamship Company, through its president, who made a statement to us to-day, has stated that if compelled to employ American labor, such as that bill contemplates, it would either have to go out of business or place its line under a foreign flag.

Mr. James J. Hill made the same statement, if he was correctly quoted—that if he is compelled to employ American labor on the vessels which he has already constructed, and one of which I understand is on the way there to go on this line, or soon will be there, he will have to put them under a foreign flag.

The question that confronts us is this: Is it better to leave those ships under the American flag, manned by Chinese labor as they are

to-day, or to pass this bill of which you speak and compel them to go under another flag and still be operated by Chinese labor? The question is, where will the American people be benefited by that change of flag when it will not change the crew? That is the practical question which I should like to have you explain, if you have any light upon it, because I am interested in the American seamen, and I am also interested in the American merchant marine. That is the condition which confronts us to-day at Puget Sound.

Mr. FRAZIER. I do not know that I have much light on the matter, Mr. Humphrey. This bill was introduced in order to protect the American seamen from the competition of Chinese labor.

Representative HUMPHREY. I know about it.

Mr. FRAZIER. I, as an American citizen—

Representative HUMPHREY. When Mr. Livernash introduced the bill, I became familiar with it, and I was confronted with this proposition, that to support that bill meant simply a change of flag without benefit to anybody in this country.

Senator LODGE. It would not protect American seamen.

Representative HUMPHREY. It would not protect American seamen, but would simply change the flag on those Pacific coast vessels. So, applying it to our section, I do not see where it can be of advantage to anybody, and I can see where it would be a disadvantage.

Senator LODGE. These American ships carry a certain number of American officers and seamen anyway, although they employ Chinese.

Representative HUMPHREY. Yes.

Mr. FRAZIER. The American ships have to carry American officers.

Representative HUMPHREY. If you change the flag, you would do away with that and would not benefit the American seamen in the least, so far as I can see.

Mr. FRAZIER. I am not so familiar with conditions on the Pacific coast as I might be.

The CHAIRMAN. That is the only section of the country to which Mr. Livernash's bill applies.

Mr. FRAZIER. Yes; I guess it is. We have no Chinese on this side yet.

Senator MALLORY. Still the American sailor encounters the rivalry of the sailors of all the nations of the world.

Mr. FRAZIER. Yes.

Senator MALLORY. So far as concerns seamen, you can ship any nationality you please aboard an American ship.

Mr. FRAZIER. But all those with whom we come in competition on this side are eligible to become citizens.

Senator MALLORY. But they do not do it.

Mr. FRAZIER. Oh, yes; a great many of them do; not all. The Cape Verde seamen do not become American citizens to any great extent. The Northern Europeans do.

#### TOWING OF BARGES AT SEA.

One of the greatest menaces on the Atlantic coast is the towing of barges. These vessels themselves are simply floating coffins in a great many instances. No inspection is required. They carry very small and incompetent crews, the most of the time the tow being a mile to a mile and a quarter in length. In foggy weather the master of the tow-



boat is unable to see the last barge, and half the time he does not know if has still got it or not. There have been two bills introduced in the last Congress, H. R. 14861, by the Hon. William Randolph Hearst, prohibiting the towing of more than one barge at one time. Another bill introduced during the last session of Congress, S. 3861, by the Hon. Mr. Perkins, provides for the inspection of barges. It seems to us that there should be no difference made between the sailing vessel and the barge, and therefore we ask that you give consideration to these two measures.

[H. R. 14861. Fifty-eighth Congress, second session.]

A BILL To protect life and property at sea.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the towing at sea over a distance of fifty miles or more by any steamer at one time of more than one barge or vessel incapable of being properly managed by her own crew under her own steam or sail is hereby declared to be unlawful unless such towing is for the purpose of bringing vessels or barges in distress into safety.

SEC. 2. That any steamer which, or any master or owner who, shall violate this Act shall, upon conviction thereof, be fined not less than five hundred dollars nor more than one thousand dollars for each barge or vessel towed in violation of the provisions hereof.

SEC. 3. That it is hereby made the duty of collectors of customs to enforce this Act, proceeding in each case through the United States district attorney of the district wherein the offending vessel arrives.

[S. 3861. Fifty-eighth Congress, second session.]

A BILL To provide for the inspection of certain seagoing sail vessels and barges, and to protect life and property at sea.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the owner of any seagoing sail vessel or seagoing barge of the United States of one hundred gross tons or over and over twenty years of age shall, at least once in every year, apply for the inspection of the hull of said vessel by the local inspector of hulls; and it is hereby made the duty of said inspector to inspect such vessel. If the inspector is satisfied that the hull of the vessel is suitable for the service in which she is to be employed, has suitable accommodations for the crew, and is in a condition to warrant the belief that she may be used in navigation with safety to life, he shall issue a certificate of inspection in a form to be prescribed by the Secretary of Commerce and Labor.

SEC. 2. That a register, enrollment, or license, clearance, or other paper shall not be issued by any collector or other chief officer of customs to any vessel described in section one unless at the time said vessel has in force a certificate of inspection as provided in section one. If any such vessel shall be navigated without such certificate of inspection the owner shall be liable to a penalty of five hundred dollars for each offense.

SEC. 3. That this act shall take effect on and after July first, nineteen hundred and four.

Senator MALLORY. There is another point in connection with barges.

Is it not a fact that most of the crews on barges are landsmen who do not know anything about seamanship?

Mr. FRAZIER. Yes, sir.

Senator MALLORY. I know I have had complaint made to me, down in the Gulf, where they do some towing, that if a hawser breaks in the seaway, as a rule the men who are on the barges, which are very underhanded, that is, have a very small number, are not able to understand the orders from the tugboat in order to pick up the hawser and make it fast.

Mr. FRAZIER. And if they try to tie it, they would tie a granny knot.

#### CONSULS IN FOREIGN PORTS.

I wish to draw your attention to the many abuses that are carried on in foreign ports by the consuls. I will give you two instances. In the early part of 1899 a seaman was discharged from an American bark, *James A. Wright*, in Buenos Ayres, on account of injuries received aboard the vessel. After coming out of the hospital he was compelled to go home by steamer, and his passage was deducted from his wages, in clear violation of the statutes. He afterwards recovered, but had to go to the courts to do so.

In 1903, two seamen, Anthony Nelsen and Edward Jorgensen, shipped on the schooner *Annie* August 25, and while in St. Thomas had some trouble with the master, who went to the consul and had the men arrested. The men were placed in prison and remained there for some seventy-two days, when they were sent to New York. They there entered suit against the master for false imprisonment. The consul's statement is on file in New York, in which he states that he had investigated the case and had examined all the witnesses, except the defendants, and found that the men were guilty of an assault on the master. We do not want any special privileges, but we would like to be on an even footing with the master when accused or in dispute, either at the consul's office or the shipping commissioner's.

I herewith submit a copy of Consul Christopher Payne's certificate.

#### U. S. CONSULATE ST. THOMAS, DANISH WEST INDIES, *September 24, 1903.*

I hereby announce the findings made by me as U. S. consul of the District of St. Thomas, D. W. I., on this the 24th day of September, 1903, in the case of T. J. Griun, master in command of the schooner *Annie*, of Rockport, Me., now in this port, v. A. Nelson and E. Jorgenson, sailors and members of the crew of the above-named schooner *Annie*. After an investigation made by a careful examination under oath of the officers and crew of the schooner *Annie*, except Nelson and Jorgenson, I find, from the evidence in this case, that A. Nelson and E. Jorgenson are guilty of flagrant insubordination and have manifested a spirit of lawlessness which would endanger the personal safety both of the master and part, at least, of the crew, should the said A. Nelson and E. Jorgenson be retained on the schooner as part of the crew. I have therefore ordered the discharge from the service of the schooner as sailors the said A. Nelson and E. Jorgenson. I have further ordered that they, the said A. Nelson and E. Jorgenson, be kept in the custody of the civil authorities of the city of St. Thomas until such time as they can be sent to the port at New York City to answer

to the charges preferred against them by T. J. Grinn, master of the schooner *Annie*, a copy of which is herewith appended and marked Exhibit A.

Respectfully submitted.

[SEAL.]

CHRISTOPHER H. PAYNE,  
*U. S. Consul.*

Senator LODGE. Do you think it would be a good thing for the United States shipping commissioner to have the right to receive deposits of seamen's wages?

Mr. FRAZIER. Yes, sir.

Senator LODGE. So that he could remit them to their families?

Mr. FRAZIER. Yes, sir.

Senator LODGE. Or hold the money for them in the nature of a savings bank?

Mr. FRAZIER. Yes, sir; I should like that very much. It would relieve me of a great responsibility in my office. They deposit with me in the office here in Boston, when I am here, on an average of \$1,000 a month, sometimes.

The CHAIRMAN. You commenced your life as a seaman on board a British vessel?

Mr. FRAZIER. Yes, sir.

The CHAIRMAN. Then what?

Mr. FRAZIER. Then, after I became efficient, I went on an American ship in the coastwise trade.

The CHAIRMAN. Have you been on American ships ever since?

Mr. FRAZIER. Yes, sir.

The CHAIRMAN. If these abuses exist in the American service, why did you not engage in the foreign service?

Mr. FRAZIER. I did not care to go in the deep-water trade; I preferred coastwise trade.

The CHAIRMAN. That is a sufficient reason, very likely.

Mr. FRAZIER. I have never been guilty of going in an American deep-water ship.

The CHAIRMAN. Of course, then, you know nothing, of your personal knowledge, as to the cruelties alleged to be imposed upon seamen by American shipmasters.

Mr. FRAZIER. I was never on an American deep-water ship.

The CHAIRMAN. So what you have testified to here to-day is hearsay?

Mr. FRAZIER. They are matters of record.

The CHAIRMAN. They are the statements of others, or hearsay evidence.

Mr. FRAZIER. And matters of court record.

Representative MINOR. Do you live in Boston?

Mr. FRAZIER. Yes, sir.

Representative MINOR. Do they have any trouble here between the Sailors' Union and the nonunion sailors?

Mr. FRAZIER. Last winter there was formed an association of the captains and owners. I imagine they formed themselves into what they called the American Seamen's Federation—an organization run by shipowners for the benefit of seamen; and the first effort they made was to reduce our wages, which we resisted.

Representative MINOR. That is not quite the point. That does not involve the relation of union with nonunion sailors. I am speaking of sailors.

Mr. FRAZIER. We never have any trouble with the nonunion sailors themselves. Our trouble has been with the shipowners.

Representative MINOR. Does the union object to nonunion men shipping aboard those vessels?

Mr. FRAZIER. No.

Representative MINOR. There is no objection?

Mr. FRAZIER. No. In fact, we ship them.

#### TREATMENT OF NONUNION SAILORS.

Representative MINOR. In New York it was stated that the sailors' union had a yacht of some kind, or some power boat, which they used for the purpose of boarding vessels that were lying out at anchor in the harbor, to take off nonunion crews which a vessel had shipped, and that considerable trouble had arisen therefrom. Do you know anything about that?

Mr. FRAZIER. I can speak better of Boston. We have a steam launch here.

Representative MINOR. What do you use it for?

Mr. FRAZIER. To persuade men to leave vessels. They are shipped at underwages.

Representative MINOR. Do you ever take them off?

Mr. FRAZIER. Not by force.

Representative MINOR. Have any of your cases ever gotten into court?

Mr. FRAZIER. Yes, sir; there is an injunction against us here now.

Representative MINOR. To what effect?

Mr. FRAZIER. To prevent us from persuading men to leave a vessel.

Representative MINOR. "Persuading?"

Mr. FRAZIER. It is a law in this State. I did not know it, though, until it was sprung on me.

Representative MINOR. Out West they used to persuade men at the point of a revolver.

Mr. FRAZIER. We do not do anything of that kind. We have never yet been accused of anything of the kind.

Representative MINOR. What are your methods of persuasion?

Mr. FRAZIER. Asking a man not to go aboard a vessel in the coast-wise trade for less wages than a certain sum.

Representative MINOR. Have any union members been imprisoned for violating the laws in this persuasion business?

Mr. FRAZIER. Yes, sir; there were three of them arrested on different occasions for asking men on the sidewalk not to go aboard a vessel. They were put in prison for that. That is the State law.

Senator MALLORY. Had the men already been shipped?

Mr. FRAZIER. Yes, sir; but the man who asked them to leave the vessel did not know they were shipped.

Representative MINOR. Have you personally had any trouble of this kind?

Mr. FRAZIER. Not personally.

Representative MINOR. You are not yourself under bond?

Mr. FRAZIER. No, sir.

Representative MINOR. Do you consider that right?

Mr. FRAZIER. What?

Representative MINOR. If I am a nonunion man and you are a union man, and I desire to work for the support of my family, my family

needing it, do you think it is proper, because you are a union man, to go around and prevent my working, by persuasion or otherwise?

Mr. FRAZIER. No, sir; not to prevent you. But I think I have a right to say to you, "Mr. Minor, I should like for you not to go aboard that vessel. We are hanging out for such a wage." That is what they were arrested for.

Representative MINOR. Do you put up money to support that man's family if he accedes?

Mr. FRAZIER. Yes, sir; sure.

Senator MALLORY. After a man has shipped, after he has entered into a contract with a master for a voyage and has signed the articles, do you think it is morally right for another man to go to him and try to induce him, for any reason at all, not to carry out his contract?

#### A RIGHT TO MORAL PERSUASION.

Mr. FRAZIER. Moral persuasion; yes, sir; I think I have that right.

Senator MALLORY. You may have the right. You have the right of free speech, and under our laws you may say almost anything you please that does not damage anybody else. But where you use the right of free speech to the detriment of somebody else, then the law says you must not do it. I do not want to get at the legal aspect, but the moral aspect. I go and pledge myself at a certain time to do certain work, and you, who have no interest in the matter except, perhaps, that you are a union man and I am not, come to me and use such persuasion, such arguments as you can to induce me to violate that contract. Do you think that is morally right?

Mr. FRAZIER. Yes; I do not see why I have not a right to protect my wages, my conditions.

Senator MALLORY. It is a question of morals, I think, more than anything else. You have a right to do it.

Mr. FRAZIER. In the State of Massachusetts I have not even the legal right to do it.

Representative MINOR. Another thought enters my mind, and that is this: The sailors' unions are urging special laws for the government of sailors. There is not a thing a sailor can do or is likely to do as to which they do not want the law to protect him. In fact, they want more law to apply to the sailor for his protection than to any other class on earth.

Do you regard it as in the best interest of the sailor that such should be the case? Do you believe that it makes good citizens or good sailors out of men where they depend wholly upon the protection of the law, and some special law that does not apply to anybody else? In other words, do you not think it would be just as well to let them rely upon their own responsibility and make their own contracts, or not make them, as they see fit?

#### SAILORS WARDS OF THE NATION.

Mr. FRAZIER. If you would put us under the same laws that apply to the landsman, I do not see why that would not be all right. But sailors have always been considered wards of the nation, if I may so term it, and ever since we have had a vessel in this country we have had laws by which seamen should be engaged and discharged, and prescribing what they should eat and where they should sleep and how

long they should work. That was the condition always before the sailors' union came into existence. Our first laws, of course, were patterned after the old admiralty laws of Great Britain. Now, if all that was wiped out at one sweep, it would be all right.

Representative MINOR. You think it would be all right?

Mr. FRAZIER. Yes.

Representative MINOR. I think that sailors ought to be more independent and self-reliant, and I think you can make them so by putting them on a footing with all other working men. I think there are a class of agitators among sailors' unions who work up a lot of trouble.

Mr. FRAZIER. There are not as many agitators in the sailors' unions as in some others. We have representative men the same as anybody else.

Representative MINOR. Certainly.

Senator MALLORY. Do you know whether it is a rule in the coastwise trade to ship before shipping commissioners?

Mr. FRAZIER. It is here in the East. It is not so much after you leave Providence. But from Providence on to the eastward the commissioner's office does practically all the coastwise trade.

Senator MALLORY. At what time do they ship before going aboard a vessel under that practice?

Mr. FRAZIER. If they want a crew early in the morning they sometimes sign them in the afternoon.

Senator MALLORY. Of the day before?

Mr. FRAZIER. If they want a crew in the morning they sign them in the afternoon before.

Senator MALLORY. What is your idea as to the advisability of giving shipping commissioners the right, subject to appeal, to settle disputes as to wages and kindred subjects arising between masters and seamen?

Mr. FRAZIER. I think it is a very good idea. I think most of the disputes between masters and seamen are settled before shipping commissioners; they are when we can get the masters to agree.

Senator MALLORY. Now you have to make an arbitration?

Mr. FRAZIER. Yes, sir.

Senator MALLORY. There must be the consent of both parties. Suppose Congress should make it obligatory that in every case they should go before a shipping commissioner, who should settle it one way or the other, giving an appeal, say, to the district court?

Mr. FRAZIER. I think it would prevent a lot of litigation such as there is now.

Senator MALLORY. As it is now it generally takes about six months to settle in court disputes between masters and seamen?

Mr. FRAZIER. Yes, sir; just about. Sometimes longer.

Senator LODGE. Do you think we ought to have a Plimsoll load line?

Mr. FRAZIER. We ought to on the barges. Yes; I think we ought to. I think it would be a good thing to have a Plimsoll mark; a good load line mark. I have been on vessels sailing on this coast, and left the vessel out in the middle of the Gulf stream. One especially I remember. If there had been a load line, I would not have left her there.

Thereupon at 5 o'clock and 20 minutes p. m. the Commission adjourned until to-morrow, Thursday, June 2, 1904, at 10 o'clock a. m.

ROOMS OF THE CHAMBER OF COMMERCE,  
*Boston, Mass., June 2, 1904.*

The Commission met at 10 o'clock a. m.

Present: Senators Gallinger (chairman), Lodge and Mallory, and Representatives Minor and Humphrey.

### STATEMENT OF JOSEPH M. LEWIS.

Joseph M. Lewis appeared before the Commission.

The CHAIRMAN. State to the Commission what your present business is?

Mr. LEWIS. I am port captain for the Boston Steamship Company, the Boston and Philadelphia Steamship Company, and the Boston Towboat Company.

The CHAIRMAN. The Commission will be pleased to hear any view you may have regarding the subject we have in hand.

Mr. LEWIS. Really, I have not prepared any speech. I am simply here to answer any questions that may be put to me. I shall be only too pleased to render any assistance I can to the Commission.

The CHAIRMAN. Captain, you have taken an interest, I judge, in the matter of the seamen, as to their condition, and other things connected with their calling?

Mr. LEWIS. I certainly have. I have had to do with them continually, since first starting to sea in the fore-castle myself, up to the present date, covering the last twenty-five years.

The CHAIRMAN. Did you hear the testimony yesterday in reference to the employment of Chinese in the Pacific trade?

Mr. LEWIS. I did, sir.

The CHAIRMAN. What have you to say on that point?

Mr. LEWIS. I think one of the principal things which caused the Boston Steamship Company and the Towboat Company to employ those men was the never-ending complications we had to deal with in regard to labor unions, which are still stronger on that side of the continent than on this side. We find the Chinese a very complete and efficient class of labor. We have no trouble whatever with them.

The CHAIRMAN. Do you think it would be possible to run an American line on the Pacific in competition with subsidized foreign lines that employ Chinese crews, if you were prohibited from employing Chinese?

Mr. LEWIS. I am thoroughly convinced after our experience that it would not be.

### NO GAIN TO AMERICAN SEAMEN.

The CHAIRMAN. Nor do you think it would be an advantage to American seamen if you were forced to put your ships under a foreign flag, when Chinamen would be continued on the vessel as a matter of course?

Mr. LEWIS. The first part of your question—

The CHAIRMAN. In other words, do you think it would be to the interest of American seamen to have legislation prohibiting the employment of Chinese on those vessels, which would merely result, as a matter of self-protection, in view of the fact that your competitors employ Chinese, in forcing you to put your vessels under a foreign flag, and under that flag continue to employ Chinese?

Mr. LEWIS. I certainly do not.

The CHAIRMAN. Are there any other matters that you wish to mention?

Mr. LEWIS. In reference to the ill treatment claimed to have been received at the hands of officers and masters of our American ships, I wish to submit a bill of fare, which on our vessels—the Boston and Philadelphia ships—was adopted in 1903, and is still in force. I will say that it is carried out to the letter.

The bill of fare is as follows:

*Forecastle bill of fare adopted by Boston and Philadelphia Steamship Company in 1903.*

	Breakfast.	Dinner.	Supper.
Monday .....	Oatmeal. Steak. Potatoes. Bread and butter. Coffee with milk and sugar.	Soup. Roast beef. Potatoes. Turnips. Bread. Coffee. Dessert.	Cold meat. Beef stew. Bread. Tea with milk and sugar. Dessert.
Tuesday .....	Boiled hominy. Pork chops. Potatoes. Bread and butter. Coffee with milk and sugar.	Soup. Corned beef and cabbage. Potatoes. Bread. Coffee. Dessert.	Cold meat. Fried potatoes. Bread. Tea with milk and sugar.
Wednesday..	Hamburg steak. Potatoes. Bread and butter. Corn bread. Coffee with milk and sugar.	Soup. Roast beef. Potatoes. Macaroni. Bread and butter. Coffee. Dessert.	Cold meat. Beef hash. Bread. Tea with milk and sugar. Dessert.
Thursday .....	Oatmeal. Beefsteak. Potatoes. Bread and butter. Coffee with milk and sugar.	Soup. Corned beef and cabbage. Potatoes. Bread. Coffee. Dessert.	Cold meat. Fried potatoes. Bread. Tea, with milk and sugar. Prunes.
Friday .....	Hominy. Fried fish. Cold meat. Potatoes. Bread and butter. Coffee, with milk and sugar.	Chowder. Salt cod, pork scraps. Roast beef. Potatoes, beets. Bread. Coffee. Dessert.	Cold meat. Codfish hash. Bread. Tea, with milk and sugar. Dessert.
Saturday .....	Oatmeal. Beefsteak. Potatoes, corn bread. Bread and butter. Coffee, with milk and sugar.	Soup. Mutton stew. Potatoes. Turnips. Bread. Coffee. Dessert.	Cold meat. Fried potatoes. Bread. Tea, with milk and sugar. Dessert.
Sunday .....	Hominy. Beefsteak. Baked beans. Potatoes. Bread and butter. Coffee, with milk and sugar. <sup>a</sup>	Soup. Corned beef and cabbage. Potatoes. Bread and butter. Coffee. Dessert.	Cold meat. Beef hash. Baked beans. Bread. Tea, with milk and sugar.

<sup>a</sup> The coffee, tea, oatmeal, hominy shall have the milk and sugar added in the kitchen.

The CHAIRMAN. Have you known of any instances of unusual cruelty perpetrated upon seamen on American ships?

Mr. LEWIS. I never have.



## WOULD ENCOURAGE BOYS TO GO TO SEA.

Representative HUMPHREY. What effect do you think it would have upon the American boy going to sea if we should bring about some measure that would cause the merchant marine to be reconstructed?

Mr. LEWIS. I think it would certainly be a stimulant. I have not any doubt that we can get a large percentage, more than we do at this time. We are able even at this time to keep very nearly enough of them in line to advance, according to grade, until they arrive at officers' positions in the coastwise business. But in the foreign trade we are having great trouble in that direction, although we try to stimulate it all we can and to get all the young men we can in the service.

Representative HUMPHREY. Do you think if the merchant marine were to be built up so that there would be opportunities for advancement held out to the American boy, he would go to sea, as he did in former years?

Mr. LEWIS. I have not the slightest doubt about it.

## STATEMENT OF J. C. ROSS.

J. C. Ross appeared before the committee.

The CHAIRMAN. What is your present occupation?

Mr. ROSS. I am pilot commissioner of Boston.

The CHAIRMAN. Captain, I assume that your business brings you in pretty close relation not only with shipowners but with seamen as well.

Mr. ROSS. Not with seamen.

The CHAIRMAN. Not at all?

Mr. ROSS. No; we regulate the pilots, make them and break them, and keep them in place, where they belong, and the like of that, and have nothing to do with the seamen.

The CHAIRMAN. What have you to say in reference to the subject the Commission has under consideration?

Mr. ROSS. That is, the subject of the American merchant marine and its building up?

## THE ONLY WAY A SUBSIDY.

The CHAIRMAN. That is what we are charged to inquire into, Captain.

Mr. ROSS. I can say in a very few words what I have to say on that subject. I believe that the only way is to give a subsidy, the same as was done in 1840, when steam and iron came into use. At that time England went into this thing carefully. Samuel Cunard started the Cunard Line. He was the founder of it. England then gave him, to start with, £60,000 a year to run two ships a month to Boston and Halifax, stopping at Quebec occasionally. They increased it soon afterwards to £90,000. Finally our Congress passed laws giving Mr. Collins, of New York, a subsidy of about \$380,000 a year to run to Liverpool; another one of \$400,000 to Mr. Mills, of New York, to run to Havre.

We at that time built up quite a trade; as much so as England did. This went on. As soon as our steamers were started, England increased its subsidy from £90,000—in fact, it raised it from £60,000 to £90,000 when Mr. Cunard built his ships, as the ships were larger than the contract called for, which was 1,500 tons, and he built them 2,000 tons.

So his contract price was raised, when the Cunard Line started from New York, to £245,000. In that way England went on subsidizing ships all over the world and running all over the world until they paid out about \$5,000,000 a year. Our Congress at the same time increased the Collins subsidy to about \$850,000 a year.

Things were going on very nicely in that way until 1845 or 1850—in 1850 it was—when, of course, the free-trade and free-ship elements came in, and in 1855 the subsidy was taken away from Mr. Collins; rather, they let it lapse. Since then our shipping has been going down—from 1857 until now, when we have but the shadow of an American merchant marine left. I do not see any other way, Mr. Chairman and gentlemen, of getting a merchant marine except by a direct subsidy, the same as England pays.

#### ABANDONING FREE SHIPS.

I am glad to see that a great many of our friends who believe in free ships and have talked it for some years have changed their position, the same as Captain Humphrey, who was here yesterday, has done. He said he was a Democrat and a free trader. I can only say I am a Republican and a protectionist, and I believe in everything that goes with it. The greatest mistake that was made by our people was in 1857, when they took away the subsidy from the Collins Line and others. The chain is imperfect. Without the subsidy it is of no use. The only way we shall ever have anything in the way of a merchant marine is to do just what England did, and the sooner that is done the sooner we shall have ships again.

I do not know that there are any further remarks I could make in regard to the matter which would help it along. Perhaps, if I had had more time, I could have given you some statistics. I studied the question for some years, but have dropped it since I have held this position—ten years. I have merely tried to talk it over with some of our friends, like Captain Humphrey, and I notice they are all coming around to our side.

I believe that is all I have to say on the matter.

The CHAIRMAN. In other words, I assume that your view is that before we can enter into successful competition with foreign steamship lines we must in some way equalize conditions?

#### MUST EQUALIZE CONDITIONS.

Mr. Ross. We must equalize conditions—that is it—by paying a subsidy. We do not want any free ships. We want to build our own ships. We do not want any indirect duties or anything of that kind. That is all gone by. That did well enough when they started in England in 1660, about the time of Cromwell and in the time of Charles the Second, when they revised their shipping laws. That was all well enough under the conditions which existed at that time, but everything has changed since then. Our treaties with other countries are such that anything in the way of extra duties of any kind would not work well—that is, I do not think it would. I am giving my opinion of it.

Representative MINOR. Did not the cost of materials for the construction of ships during those years have as much to do with our

merchant marine as discriminating duties, when we were building ships of wood, and we could build them cheaper than England could?

Mr. Ross. Yes, sir.

Representative MINOR. We sold England 400,000 tons of shipping.

Mr. Ross. We could build ships up to the time of the commencement of iron shipping. The great turn in maritime affairs took place from 1812 to 1850-1860, when they began iron shipbuilding, or rather steel shipbuilding. Of course, during our rebellion we had other things added to it. Our ships became very dear. We could not build wooden ships. We have paid as high as \$100 a ton. I am not a shipbuilder, but I superintended, as shipmaster, a ship. I commanded for years ships in the foreign trade—to India, California, Europe, and those places. I superintended a ship right after the war that cost about \$80 a ton. I owned part of it. I also superintended and commanded my last ship, the *William H. Lincoln*, built at Newburyport, and she cost us a little over \$50 a ton.

#### THE ENGLISH POLICY.

But England, by giving its great subsidies, helped its shipbuilders and owners to produce so many ships that they cheapened their iron ships, and they took the place of our wooden vessels. The English also insured for less. In San Francisco, for instance, I had my ship there loading wheat, as I have done a number of times. An iron ship, that laid right aside of me, could insure for perhaps 10 or 15 per cent less than I could. All those things worked against us.

Representative HUMPHREY. I should like to ask the captain one question. What objection have you to discriminating duties or why do you think they would not bring about the desired result?

Mr. Ross. I do not say they would not bring about the desired results, but it seems to me it is a good deal like this: You are bound in your yacht to a certain buoy. You set your buoy south, and you commence and tack southwest and then you tack southeast and you keep tacking until you get there. You are going around Robin Hood's barn to get at a thing which you can get at directly. The direct system works well in England. If you would take the history of subsidies in England, which is one of the best things to go by—you gentlemen do not want to listen to that, and I do not care to waste your time doing it—you would find it very instructive. Direct subsidies really would be the best plan. That is my opinion.

#### STATEMENT OF AUGUSTUS P. LORING.

Augustus P. Loring appeared before the Commission.

The CHAIRMAN. State to the Commission your present business.

Mr. LORING. My business is that of trustee in looking after the affairs of other people, more or less. I make investments for other people, and I am also president of the Plymouth Cordage Company, a company which is naturally interested in shipping, as we make more rope than anybody else in America.

The CHAIRMAN. Are you a shipowner.

Mr. LORING. Yes, sir; I am a shipowner; that is, I own shares in ships. I do not run any ships or do anything of that kind.

My clients also are more or less interested in shipping, but not in the United States foreign trade, because it is not a profitable trade to be interested in. When my clients wish to invest in shipping, or when I invest myself, it is in the coastwise trade or else in an English ship. We do not go into the American merchant marine, because under present conditions it is not a paying proposition.

It seems to me that there are a great many outs in the situation. In the first place, we can not get our ships built here cheap enough, and in the second place there is not a desire to have ships built. Now, there comes in a certain amount of conflict between the two situations; that is to say, you have to create the desire for ships before you can make profitable business for the shipyards, and it is idle to protect the shipyards until you get somebody who wants to build ships in them. Either some advantage ought to be given to the shipyards in the way of drawbacks, so that they could build ships in competition with foreign countries and give us ships cheaply enough for us to run, or else we ought to be able to buy our ships somewhere else. That is to say, we ought to be able to get our ships cheaply enough to make it worth while to put them afloat. After we get them afloat we ought to be able to operate them as reasonably and as cheaply as other countries can.

The CHAIRMAN. So that, in addition to the purchase of ships abroad without any embarrassment, you would favor the repeal of the navigation laws?

#### A DRAWBACK TO BUILDERS.

Mr. LORING. Either that, or to give some advantage to our shipyards to enable them to compete and put ships afloat for us as cheaply as they can be put afloat for the English. If there were some drawback given a builder of American ships which would equalize his condition with that of the foreign builder, it would attain the same result.

Senator LODGE. What do you mean by "drawback" in that connection?

Mr. LORING. If, for instance, he could have all his materials free of duty, which I suppose he does now, practically——

Senator LODGE. He has now.

Mr. LORING. And if he could have something to equalize the difference in the cost of labor, he could put his ships afloat as cheaply as the English do.

The CHAIRMAN. The uniform testimony before this Commission has been that after you get your free ship it is impossible to navigate it in competition with foreign ships in the foreign trade on account of the increased cost of maintenance and the subsidies.

Mr. LORING. That is the second heading. I said there were two difficulties. One is that the ship costs too much in the first place, and in the second place it costs too much to run her.

#### TIED UP IN RED TAPE.

The father of the present navigation laws was Mr. Richard H. Dana, of this city, who, as the Commission probably knows, went around the Horn in a sailing vessel and came back and bound up the shipping business with a lot of red tape from which it has never since escaped.

I think, so far as concerns the treatment of sailors on American ships, or at least the reputation, their treatment is no better than on any other ships which are not so tightly tied up as are the American ships.

The shipowner is tied up by an amount of red tape that makes it almost impossible to handle the crew, and the crew is no better off because he is so tied up. At least that is the reputation they have—that the American crew is not any better off under the present laws than the English crew is, and that it would be better if we were to have a fresh start, wipe those laws off the books and have a sensible set of navigation laws which would enable the shipowner to manage his ship in a rational and business-like way.

I think there is not any doubt that American capital would go into shipping if it could go into it under conditions where it could see money in the business. While subsidies may be a great aid to lines of steamships, yet the lines are not, it seems to me, the direction in which we wish to develop so much as in the small tramp merchant steamer, which would increase the commerce of the country much more than two or three lines running between stated ports.

#### A REBATE OF DUTIES.

In that view of the subject, a drawback in the shape of a rebate of duties would do more, to my mind, than a subsidy would to encourage commerce, because it would encourage commerce not only in liners but in small tramp steamers or large tramp steamers which have no fixed route and which would be employed to carry American goods if they could be carried more cheaply in them than in foreign vessels.

Personally I should like to see a rebate of duties on all goods imported in American vessels, and I should like to see something done either to protect the American shipyard and equalize the cost of building a ship there, or else give us an opportunity to buy ships where we can buy them cheapest. American shipyards are not doing a great deal of business now, and I do not know what business they would lose if we were to buy ships elsewhere. If the merchant marine was started up, and if there was an active demand for ships, there is no doubt that the Americans would get into the business and build ships, whether protected or not.

The CHAIRMAN. Do you not think that if we did adopt the free-ship policy, there would soon be a demand that it should be extended to the coastwise trade?

Mr. LORING. I suppose there would be, undoubtedly, although the ships for the coastwise trade are not expensive ships.

The CHAIRMAN. No; but if we went abroad to buy ships where we could get them for a much less sum than that for which they could be constructed in this country, and let them go into the coastwise trade, it would practically destroy our shipbuilding industry. It is practically destroyed now, so far as foreign trade is concerned, but the yards are doing a good deal of work in the coastwise business.

Mr. LORING. Yes, sir; but so far as the coastwise business is concerned I expect—this is my theory—to see a great change. I think before long the low-powered steamer is going to take the place of the schooner in the coastwise trade. That is my own opinion.

**ADDITIONAL STATEMENT OF EDWARD C. PLUMMER.**

Edward C. Plummer appeared before the Commission.

The CHAIRMAN. Mr. Plummer, will you please state your relation to this subject?

Mr. PLUMMER. I am the attorney for the Atlantic Carriers' Association, which represents the coasting sail fleet of the Atlantic. I may say that, for twelve years prior to my assuming that position, I made a study at home and abroad of the American merchant marine, the legislation which developed it, the causes of its decline, and I sought for a practicable method of reviving it.

Mr. Chairman and gentlemen of the committee, I wish to speak for four hundred thousand tons of American-built, American-owned, and American-officered vessels, owned in small shares by people of moderate means, scattered all over the United States. And in the first place, referring to some of the statements which have been made before the Commission during its hearings in regard to the treatment, the food, the pay, and the accommodations furnished the American seamen, I wish to say that that subject was thoroughly gone into under Mr. Cleveland's last Administration, and in the report of the United States Commissioner of Navigation for 1894 you will find the results detailed and tabulated.

Of the reports I will read just one, which came from Boston, in the Commonwealth of Massachusetts:

**SAILORS PREFER AMERICAN VESSELS.**

"The seamen shipped at this port prefer American vessels. The advantages, they claim, are many. Wages are always somewhat higher, the discipline not quite so severe, and the food on American vessels far superior to that of other nations, and the sailors' quarters or forecabin is larger, more comfortable, and more desirable in all its appointments."

That is but characteristic of all the replies received; and I wish to add that to my personal knowledge there are no vessels in the world which have the accommodations or furnish the food that our ships do. I desire to say another thing. I was a paymaster in the United States Navy, and part of my business was to look after the food supplied the seamen. It is well known that the Navy of the United States feeds and quarters its men better than any other navy, and yet it is an absolute fact, if you compare tables, that to-day you compel us to feed our men on our merchant vessels twice as well as you feed the men who go out and risk their lives in defense of the country. I submit that if we are undertaking to build up a merchant marine, we had better not compel the merchant marine to lug any more burdens than it lugs now. I shall ask that the scale of provisions at present in force be inserted in the record.

The scale referred to is as follows:

*Scale of provisions to be allowed and served out to the crew during the voyage.*

		Sunday.	Monday.	Tuesday.	Wednesday.	Thursday.	Friday.	Saturday.
Water.....	quarts	4	4	4	4	4	4	4
Biscuit.....	pound	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Beef, salt.....	pounds		1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$
Pork, salt.....	pound		1		1		1	
Flour.....	pound	$\frac{1}{2}$		$\frac{1}{2}$		$\frac{1}{2}$		$\frac{1}{2}$
Canned meat.....	pound	1			1			
Fresh bread.....	pounds	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$	1 $\frac{1}{2}$
Fish, dry, preserved, or fresh.....	pound			1		1		1
Potatoes or yams.....	pound	1	1	1	1	1	1	1
Canned tomatoes.....	pound	$\frac{1}{8}$					$\frac{1}{8}$	
Pease.....	pint			$\frac{1}{2}$			$\frac{1}{2}$	
Beans.....	pint				$\frac{1}{2}$			$\frac{1}{2}$
Rice.....	pint							
Coffee (green berry).....	ounce	$\frac{3}{4}$		$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$
Tea.....	ounce	$\frac{3}{4}$		$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$	$\frac{3}{4}$
Sugar.....	ounces	3	3	3	3	3	3	3
Molasses.....	pint	$\frac{3}{4}$			$\frac{3}{4}$			
Dried fruit.....	ounces	3		3		3		
Pickles.....	pint		$\frac{1}{2}$		$\frac{1}{2}$		$\frac{1}{2}$	
Vinegar.....	pint			$\frac{1}{2}$				$\frac{1}{2}$
Corn meal.....	ounces	4				4		
Onions.....	ounces	4				4		4
Lard.....	ounce	1	1	1	1	1	1	1
Butter.....	ounce	1	1	1	1	1	1	1
Mustard, pepper, and salt sufficient for seasoning.								

#### SUBSTITUTES.

One pound of flour daily may be substituted for the daily ration of biscuit or fresh bread; two ounces of desiccated vegetables for one pound of potatoes or yams; six ounces of hominy, oatmeal, or cracked wheat, or two ounces of tapioca, for six ounces of rice; six ounces of canned vegetables for one-half pound of canned tomatoes; one-eighth of an ounce of tea for three-fourths of an ounce of coffee; three-fourths of an ounce of coffee for one-eighth of an ounce of tea; six ounces of canned fruit for three ounces of dried fruit; one-half ounce of lime juice for the daily ration of vinegar; four ounces of oatmeal or cracked wheat for one-half pint of corn meal; two ounces of pickled onions for four ounces of fresh onions.

When the vessel is in port and it is possible to obtain the same, one-and-one-half pounds of fresh meat shall be substituted for the daily rations of salt and canned meat; one-half pound of green cabbage for one ration of canned tomatoes; one-half pound of fresh fruit for one ration of dried fruit. Fresh fruit and vegetables shall be served while in port if obtainable. The seamen shall have the option of accepting the fare the master may provide, but the right at any time to demand the foregoing scale of provisions. The foregoing scale of provisions shall be inserted in every article of agreement, and shall not be reduced by any contract, except as above, and a copy of the same shall be posted in a conspicuous place in the galley and in the fore-castle of each vessel. [Fishing or whaling vessels or yachts exempt, December 21, 1898, sec. 26.]

Mr. PLUMMER. How many workmen furnish their own table with fresh fruit whenever it is in the market, or feed themselves 1 $\frac{1}{2}$  pounds

of fresh meat every day? How does all this compare with what the sailor buys for himself when he is on shore? Yet this food must be supplied by American vessels under heavy penalties.

#### SAILORS BETTER FED THAN WORKINGMEN.

From this scale gentlemen who are not familiar with the question will observe that we feed our seamen to-day and are compelled by Congress to feed them better than the average working man is fed on shore. Not only that, but you can not point me to a case, not one in a hundred, where the men take the Congressional scale of provisions. In these vessels with small crews, we can not afford to carry two scales of provisions; and as a matter of fact every crew prefers what is served by the ship. There has been, within my knowledge, but one instance to the contrary. That was on the *May V. Neville*, where the crew asked for the scale of provisions and they got it, and they lived under it just two days. Then they came to the captain, Frank W. Patten, and demanded to be put back on the ship's rations. He informed them that having selected the Congressional scale of food, they would get it for the rest of the voyage, and they started to sue him when they got back to New York, because he would not give them the ship's provisions instead of what the law provides. There is no question that our ships feed their sailors better than any others. We know it and every ship's captain knows it, and every shipping man knows it.

#### HUNTING FOR AMERICAN BOYS.

Now, with respect to shipowners and shipmasters not wanting American boys, all I need to say is that we are hunting for them. The American Seamen's Federation was formed in New York to secure American boys, and you will find right in this same report of the Commissioner of Navigation where that question was all gone into, and the universal testimony of all the shipmasters and shipowners taken there was that they wanted American boys because they make the best seamen there are. But you can not get them. Why? Simply because in spite of our great coasting fleet the number of vessels existing in the United States is constantly decreasing. The tonnage in the coasting trade is increasing, but the number of vessels and the opportunities for captains and mates are constantly decreasing, and the American boy is not going to start into a business where he does not see promotion.

But when our fleet was constantly increasing the young men hustled against each other to get positions in the forecabin of ships, in order that they might go to sea, leaving wages of \$3 or \$4 a day in order to get into the forecabin—into the eyes of a ship that smelled of slush tubs and everything else, getting \$12 to \$15 a month—because they saw a future. The present commander of the *William P. Frye*, whose father, a wealthy man, had sent him to college, left college and unknown to his family went into the forecabin of a ship, because he wanted to become a shipmaster, and he is one of the best in the business to-day. But you do not see that happening now.

The CHAIRMAN. The decrease of opportunities is due to the fact that the ships are very much larger now?



## FEWER SHIPS FOR OFFICERS.

Mr. PLUMMER. In the coastwise trade, that is the cause. In the foreign trade they have practically disappeared. There are nearly 8,000 vessels less than we formerly had, and 8,000 less captains and 16,000 to 20,000 less mates. I will not elaborate this, but if you will investigate it you will find that that statement is absolutely true and you will find that that is the explanation of the fact that American boys do not now seek the sea.

Now, it has been said that the captains do not have American boys because the shipmasters and the ship owners do not want them. I challenge a person to name the case of a vessel—a single case—where that is true. The exception was said to be that the sons of the owners and captains were put aboard those vessels. I challenge any one to name a vessel to-day where a captain's son or an owner's son is going to sea.

Gentlemen, captains have come to me in the past four years and they have all said that they would get entirely out of the business if they knew anything else; that they would never let their boys go to sea because there were no opportunities. As it is now a shipmaster can not control his vessel, can not do his business; and the same question which confronted the Senate committee last year, when the matter of the cutter service and the discipline in it were brought up, and it was found absolutely necessary that there should be a law passed to compel men to serve when they were out in their vessels, confronts us here.

I will not take time more than to refer to the fact that only two years ago a revenue cutter in the Pacific had to violate the laws of the United States and take a gang of firemen who had deserted from a vessel and, against the law, put them aboard the vessel and compel them to serve. The steamer was abandoned off the Alaskan coast because the men wanted to go to the gold fields. She was full of passengers and off a dangerous coast. I could name the officers. It is stated in the report.

Representative MINOR. So could I.

## THE ENGLISH EXPERIENCE.

Mr. PLUMMER. It is admitted that recent legislation regarding sailors has practically failed to accomplish the ends sought. It has, in fact, proved a positive injury. The same legislation was tried in England, I think it was in 1880, to do away with compelling a sailor to live up to his contract. They passed a law there which is practically the law we have now. They tried it for a few years, and it failed.

We have heard about what England does and how our sailors ought to be treated like the English are. Here is the English navigation law, and if you will look at it you will find in section 222 the following, which refers to coasting trade:

(1). If in the United Kingdom a seaman or apprentice is guilty of the offence of desertion or of absence without leave, or otherwise absents himself from his ship without leave, the master, any mate, the owner, ship's husband, or consignee of the ship may with or without the assistance of the local police officers or constables convey him on board his ship, and these officers and constables are hereby directed to give assistance if required.

(2). Provided that if the seaman or apprentice so requires he shall first be taken before some court capable of taking cognizance of the matter to be dealt with according to law.

That is the present law of England. They tried the law we have. They found it was destroying their business, and they had to go back to the old law which had been in force for more than three hundred years. The reasons why they had to go back were well stated by the United States Supreme Court in the case of *Robertson v. Baldwin*, vol. 165, pages 282-287, where they went into that very question very fully.

As was suggested by Senator Mallory yesterday, we do not want to imprison seamen; we want the crew, and when we have a crew that ships, knowing the vessel, and goes down to the wharf, and the sailors have their dunnage put aboard, we think they should be compelled to go to sea.

#### A CASE IN POINT.

I could name a case that happened right in New York. I have here a copy of the libel. In that case the sailors went down to the vessel; the tugboat was ready, the ship was ready, everything was ready, and for some reason—and of course I do not know what, although my general knowledge of such things convinces me that they probably met some chummy man on the way going down, and they went into something else besides the forecabin—they failed to show up. In such cases we can not get them. The vessel is delayed to the injury of all perishable cargo, to the great loss of the shipowner, and to the great harm of commerce generally. Those are the same conditions that prevailed in England under that experimental law which they tried for half a dozen years; and what is the result of the English experience? The same as with us, only England has had the sense to restore her former law, and we have not.

I wish to call attention to the fact that England has made her greatest advance in shipping since she created the board of trade supervision in 1854, when she put her shipping under the control of experts—business men. What they say goes in England, and Parliament carries out their recommendations, and to-day England is doing the shipping business of the world, having more than one-half of the total potential tonnage.

#### THE QUESTION OF ADVANCES.

Now the point is made that there should be no advance to seamen, and a great talk is made about crimps. You look at the captains, you look at the owners of these vessels, and see whether or not they would conspire with crimps. Nobody asks for an opportunity to rob the sailor.

The bill which was unanimously reported by the Committee on Merchant Marine and Fisheries of the House of Representatives, and unanimously reported by the Senate Committee on Commerce, regarding advances, provided simply that in a case where a sailor actually owed a board bill—and this Commission has already heard enough to know that when a boarding-house keeper has a bill against a sailor he is going to keep that sailor—until he gets his money—when any such actual debt as that was due, when necessary clothing must be procured, the sailor and the creditor could go before the deputy collector or the United States shipping commissioner or some duly authorized officer, and there, when the creditor had sworn to the accuracy of his bill and

the United States officer was satisfied that it was true, and the sailor admitted it was true, the debt could be paid, and then we should get the sailor.

The necessity of that very act was brought out yesterday in the statement of the secretary of the Seamen's Union, when, in arguing for half pay at the first port touched, he said the seamen need that money so that they can send it back to pay for board due and debts previously incurred. Then he went on to say that this money is kept by the shipmaster for his own use. What a shipmaster would do with money on the high seas, unless he played poker with himself, I do not know. But I submit that if you are going to pay that bill, it is better to pay it at the beginning than it is to pay it at the end, when there are the temptations to the sailor, after he gets his half pay, to use the money for something besides those legitimate expenses incurred prior to the beginning of the voyage.

#### ENLARGED FORECASTLE SPACE.

You were told that our forecastle accommodations were only 72 cubic feet. That is under the old law. The act of 1897 provides for 100 cubic feet, and any man who has been on a United States naval vessel and seen the men packed in their sleeping apartments, heads to feet, as snug as they can be, and who has followed the matter up and found that the health of United States naval men is the highest of any navy in the world, will realize that space is not the only qualification needed to keep a man healthy; and I submit that the records of our shipping will show—and I hope this Commission will have an opportunity to visit some of the vessels down in the harbor—that the seaman's health deteriorates from what happens on shore instead of what happens on shipboard. [Applause.] That is the record, as we all know.

I have not time, gentlemen, to go into this matter in the way in which I should like. I propose to file the scale of provisions as found in this report, and I will try to answer any questions that gentlemen may see fit to ask about sailors.

#### THE AFFAIR OF THE ATWOOD.

But right here I may say that for the past two years it has been practically impossible for us to keep a crew on board unless we paid tribute to certain parties who had no right to demand it. I may mention just one case, that of the *Helen M. Atwood*, reported in 92 Federal Reporter. There was a case where a crew was sent from Boston to Bath to go aboard the *Atwood*. She had been thoroughly repaired, and certified to by the deputy collector of the United States by his certificate cut in the timber. It gave them a forecastle which allowed more than twice the space required by law. As I say, the vessel had just been thoroughly repaired and overhauled and she was ready to leave the yard. The crew came down there. I do not know why they left. They never said anything to the captain. They went aboard and sat around awhile and went away. We had paid all their expenses and paid for their keep in the sailors' boarding house that night when they got there. They would not go aboard that night. They must go to a sailors' boarding house, and we had to pay the bill. They went away.

We sent to Boston and got another crew. They came down. They looked around and said: "I understand you have had trouble with your other crew." They went away. Then that vessel by my direction was anchored in the stream where it required an anchor watch. The third crew came down and made the same talk. They undertook to commit mutiny. Well, those sailors did not go on that voyage, chiefly for the reason that they went to jail. This is all in the record, and you can read right there, in the official report, just what causeless desertions we have to face.

#### BY FORCE OF ARMS.

We had a case right down here in New York, where a gang of men—75 men—came down to the wharf to take out by force from one of our vessels the crew which was there. The crew called upon the captain to protect them. He ordered the invaders off and finally one of the ringleaders came up to him, threatening him with his fist under his nose, and said: "I done you up in Portland, and I will do you up here." Then the captain to protect himself fired into the crowd. He wounded a ringleader and spokesman, and as an interesting coincidence what he shot off was a part of his lip. [Laughter.]

What was the result? Smith was arrested. He had to find another man to go on his vessel at large expense to him and delay to the vessel, and he was not to blame.

We have just another case such as was referred to yesterday—that of the *Oliver S. Barrett*. In that case the crowd came aboard. The captain, knowing the experience of Smith, did not want to get into a scrape. He did not dare fire. They lugged off the crew. Now the crew has sued the captain because he did not protect them.

Representative MINOR. What crowd?

Mr. PLUMMER. That is what we do not know. I have only seen the newspaper dispatches. The managing owner, Mr. Deering, was here yesterday, and he had a telegram from his captain stating what the situation was. The crowd where the shooting occurred was composed of members of the International Seamen's Union. That is what made the trouble. That is the organization which the courts of this State have enjoined, because its members nearly killed a man named Crowell.

Representative MINOR. That is the "persuasion" they are talking about.

Mr. PLUMMER. Precisely. That man had the worst looking countenance of any man I ever saw—even after an election. His face was stove all to pieces. As a matter of fact, after hearing the case, the courts enjoined them from interfering further. The crowd comes down. The crews want to go, but the gang take them right off.

#### AMERICAN BOYS ARE WANTED.

The thing that brought this matter to a clinch was this: After a majority of the men had come under the influence of this association, the ringleaders would go aboard a vessel and say, "You discharge that mate or we will not let you have any men." The American mates, almost to a man, refused to join in the union, and the crews were taken away from those vessels. But the vessels are now securing their crews, and I think will continue to do so.

I have talked about this sailor question before, so I will not weary the Commission. I have talked about it in Washington. I had the documents there, a whole grip full. I can furnish names and dates, and I challenge anyone to name a case that will substantiate the claim that we do not want American boys.

Right here in this city there is a Mr. Palmer. He is a man who has one of the finest fleets afloat, and, although he is not compelled to do it, he carries two apprentices on each of his vessels, voluntarily, because he wants to build up men who can take command of his vessels, and he wants to get Americans into the service. But you gentlemen have it in your power to make the condition so that the American boy will go to sea. If you build up the merchant marine the American boy will go. He is not like the fellows we have to use now. His prospects in life are not measured by his stomach and bowels. He does not stop to think of what he is going to eat and drink and what he is going to wear. He is thinking about the future.

When we started South we had aboard our vessel—a United States war vessel—30 men from the naval reserve of Connecticut, sons of the first families there; and we had some 60 men who had been gathered up from the wharf ends along the Kennebec. I knew some of those men, for I was city prosecutor for three years. As I say I knew those men, and when it came to the food that was served aboard those vessels men like the nephew of Senator Coggeshall never said a word. But the men who kicked and the men I had to address briefly on the subject were the fellows who came from the wharf ends, who when at home got secondhand sausages, to my personal knowledge. You can not find any kick coming from the men of intelligence on our vessels. The officers eat that food. We got down to the regular ship's scale aboard of that vessel. It suited me. I did not die from it. It is as good as I regularly get; it is good enough; and yet that is only half as good as we feed our sailors here.

#### FREE SHIPS FUTILE.

Touching briefly on the matter of running on the ocean, we are asked, "Why should we not buy our vessels abroad?" That is just the way to insure the fact that you will never have a merchant marine. I shall be glad to furnish you shortly just exactly the figures in the case of those great freighters building for J. J. Hill. One of those freighters would have cost about 35 per cent more than a foreign vessel, but they built two freighters and the result will be—we can get it very close now—about 23 per cent more than a foreign vessel. Now, if a single duplication like that will reduce the cost 10 per cent, what will happen when we begin to specialize and to do our work as the Englishmen do it?

If you import vessels, to begin with, you take away from us the one thing absolutely necessary to build up the American merchant marine, and that is the opportunity to get in practice.

Turn to the report of the Lynch committee of 1872-73, and read what the iron shipbuilders of this country testified to—Rowland, who built the *Monitor*, and the men who built iron vessels. At that time we had as much practice as England. What did they say? They said we could build as cheaply as the Englishman, and that the more efficient American labor would enable them to compete with the English. One of the iron shipbuilders said that under similar conditions he could

build vessels and sell them to England. You will find it all there. But at that time the iron material cost from \$30 to \$40 a ton more in this country than it did there. It does not cost that now. The difference is small. Admiral Bowles hit it very close—about 5 per cent of the total cost of the vessel. But we have given England thirty years of practice. She has specialized and now she can build much cheaper than we can.

#### THE LAKES AS AN ILLUSTRATION.

But when you say that, given the same opportunities and the time and practice, the American shipbuilder can not compete with the foreigner you state what is not true; you state what we know to be false, because we have done on the Great Lakes what people have not done in any other part of the world.

Fifteen years ago it cost 15 cents to carry a bushel of wheat from Duluth to Buffalo. To-day you get it carried 1,100 miles for 1½ cents. What has done it? American brains and the development and cheapening of the American vessels. And that is what will be done on the Atlantic. If I thought we must indefinitely have a subsidy to support and lift up the American merchant marine, I would stand up here to-day and challenge any man to defend it under the Constitution. But to-day I stand squarely on the principles laid down by Andrew Jackson in his second address to Congress, in which he stated that any industry which would be of national importance was entitled to be protected if there was any prospect of our being able to compete with the foreigner. Now there is such a chance; and here is the solution.

Turn back but three years, and you will remember that there was in New York Harbor at one time 100,000 tons of foreign freighters that could not afford to carry goods at the prices offered. Why? The great big freighter had cut the prices so that the little freighters, which were first-class vessels a few years ago, could not afford to take the freight at that time. Now the freights are such that they are all carrying, and the fact that England built last year for her own personal use over 800,000 tons of steamers suggests that the men who are in the business are making money.

A gentleman said to me yesterday, "The English are running their vessels, but they are not making any money." Gentlemen, that reminds me of a Jewish friend of mine in New York City, who said: "I am not making any money; I am selling goods for less than cost, but I am doing such a big business I can afford to carry it along." [Laughter.] Apparently that is the argument advanced on behalf of England.

#### LOWER FREIGHT RATES.

Unless you can show that the American people are going to get just freight rates for the transportation of their products, the export of which is the foundation of our prosperity, you have no right to try to build up the American merchant marine. But that is just exactly what we shall get. Apply to the Atlantic Ocean the same brains which have been applied to the transportation problem on the Lakes, and you will have going across the Atlantic in a very few years the large, most economically speeded vessels, properly equipped with every appliance, just as they have them down at New London. You can not anywhere duplicate those two vessels of Hill's. I should like to have the Commission look at them. They can handle freight more economically than

any other vessels on the ocean, but of course it costs more to run them under the American flag.

The moment you put the intricate machinery which is always associated with a reduction in the cost of operating expenses and the number of hands used, then you must have brains aboard those vessels, and then one brainy man will do just as he did in 1854, as the commerce and navigation report right over there will show. Then we will have a chance to use American brains, and one American will do a good deal more than one and a half Englishmen, as the figures then stood. Then, although we shall have the American rate of wages and higher wages than now—on the lakes we pay the highest wages in the world—we shall be able to cut the carrying expenses, the operating expenses, below the present figures, and then in those big vessels we shall be able to cut the freight rate. But you can not get these improved American vessels by buying from foreigners—you must build them here and give American brains a chance. And the more you build here the cheaper you can build and the lower you can push the freight rates. And on a low freight rate rests the prosperity of this country's producers.

Now, I am not partial to any one system of building up the American merchant marine. When you come down to the last analysis, differential duties, plain subsidies, tonnage dues, anything of the kind is in essence a subsidy. The main point is to make it apply so that if possible you can do what France is doing—make the foreigner pay the expense. You will find by the report of the Commissioner of Navigation for 1898 that France is collecting in tonnage dues just enough to pay all her construction and sailing bounties.

#### A MARINE FUND FROM TONNAGE DUES.

Now, we can do that. If we should collect from all vessels—as I submitted in New York—50 cents tonnage dues, which are the old foreign tonnage dues, the result would be to drive out of business the less economically operated vessels in foreign competition. It would not drive out the great big modern freighters, because they proved in the struggle at New York three years ago that they can live on freights where the others can not, but it would drive out the less economically operated vessels. That would make a hole in which to fit in the American ship. There is only about so much business to be done, and you have to drive the foreigner out in one way or the other before you can insert your own vessels.

I am not one of those who advocate the carrying of all our products in our own vessels. That was thoroughly discussed in 1794, and the arguments have not changed. Then we carried a little more than one-half, and that was considered a fair proportion, and I believe it is a fair proportion.

Why not collect those dues, and then do just as England does with her light dues? You will find a statement of it in this same report. The vessel gets its dues or a proportion of them back when it does certain things, one of which is to carry a cadet, the same as Mr. Palmer is voluntarily doing with his schooners here. If all of this marine fund were applied to the upbuilding of the merchant marine, you would get the biggest amount of bounty at the time you need it the most, and as you build up the American fleet then the amount of money which each vessel will receive will decrease, and when you have

your fair proportion of the trade then the bounty will be so small that there will be no incentive to overdo the business. There you have an automatic control. Of course, it is subsidy in essence, but there you would do what France is doing. There the money will come not out of the American people, but out of the dividends of the foreign ship-owner.

Gentlemen talk about retaliation. That is the same argument that Madison and Jefferson met, and they met it so much better than I can that I will not do more than refer to it. As a matter of fact, we did not get retaliation then, and for the reason, Madison stated, that England understood that any policy of retaliation started by her would be met by the United States with the result that she must go out of the business, because the foreigner pays \$4 to every \$1 that we pay. And, gentlemen, if you go into a game at night where the other fellow has to put in four chips to your one, you will have his shoes and stockings before morning. [Laughter.]

#### NOT UNDERMANNED.

I wish also to refer to a measure which was not read here I believe, but which has been pending in Congress for two or three years, and that is the manning law, which would make the *Thomas W. Lawson* of this port carry 42½ men. It would be easier to find the one-third man than to find the 42 able seamen; and I can state that as a fact.

If the *Thomas W. Lawson* had to carry 42½ men she could not carry coal at 70, 75, 80, or 90 cents a ton. By building the big vessels and by putting in steam appliances, which cost from twelve to fifteen thousand dollars per vessel, we have been able to cut freight rates more than in half, and the public gets the benefit of it.

It has been suggested that if the shipowners were given this advantage they would pocket all the money, and the public would suffer. Here is the coastwise trade. To-day the business is very close; so close, in fact, that I can show you schooners which are lying up. They can not take the freight at the figures offered. But we do carry it in our big vessels, and the public gets the benefit of the low rates. If you compel us to man an American vessel on the English plan, when the English have not any such vessels as ours, which are primarily constructed for the purpose of economies in operation; if you compel us to carry 42 able seamen aboard a vessel such as the *Thomas W. Lawson*, where 15 are ample, you necessitate a large raise in freight rates, and the result will be that the public must pay more for its coal.

As it is, the competition is such that we are lugging coal at the lowest possible rate; and if anybody can point out a single schooner which, in the past fifteen years, has been lost because of undermanning, or because she was unseaworthy, or because of some other theoretical thing had not been done to her, I should like to know the name of the schooner. We can not afford to insure our vessels, because we carry freight so low, and as a result we can not afford to take risks with them, and we do not take the risks with them, and they can show the cleanest record for the past fifteen years of any method of transportation I know of.

Mr. Chairman and gentlemen, I thank you for bearing with me so long.



## STATEMENT OF EDWARD M. BREWER.

Edward M. Brewer appeared before the Commission.

The CHAIRMAN. In what line of business are you engaged?

Mr. BREWER. I have been engaged in shipping all my business life. My father was a shipmaster in his day, and as soon as I left school he took me into business with him as a shipowner, in a small way, but constantly at it.

The CHAIRMAN. Were you engaged in the foreign trade?

Mr. BREWER. Yes, sir; always in the foreign trade, on sailing vessels only.

The CHAIRMAN. You are familiar with the duty assigned this Commission, I presume?

Mr. BREWER. Yes, sir; I have read about it.

The CHAIRMAN. Will you kindly give the Commission the benefit of any views you may have on the subject?

Mr. BREWER. As I say, I have been interested in shipping during all my business life as an owner as well as managing owner. My experience has been with sailing vessels only, which have been engaged nearly all the time in foreign trade on long voyages.

I believe that the shipowning interests of this country will best be promoted by such changes in our navigation laws as would allow us to buy or build foreign vessels wherever or whenever we can buy or build them cheapest, and provide for the issuing of American registers to such vessels when intended for foreign trade. I believe that the present law prohibiting the registering of foreign-built vessels has been a serious and unnecessary burden upon our shipowners, and of very little benefit, if any, to our shipbuilders.

## WOULD LIKE FREE SHIPS.

I disapprove entirely of the propositions for giving general subsidies to our shipowners and for discriminating against imports by foreign vessels. In adopting such methods we would simply be offering inducement or making a precedent for retaliatory measures on the same principle on the part of our rivals and competitors, and would at the same time probably fail in accomplishing the specific result which we have in view. There seems to be no way of avoiding competition in one form or another for anything which may seem to be worth having. As a shipowner engaged in foreign trade, I have always been in direct competition with foreigners on a natural basis and without "protection," so called. But there is no form of competition, whether foreign or domestic, which I have come to dread so much or in respect to which I feel so helpless as this competition or struggle for favors or aid from the Government in the form of protective tariffs, subsidies, or special legislation generally, or in the shape of retaliatory tariffs or legislation as between rival nations. I doubt very much if our capitalists will at this late day increase their investments in any business which can not prosper without a subsidy. This policy of subsidizing is a game that two can play at. It has been played too far already.

In giving our citizens the right to purchase foreign-built vessels and registering them under our flag we shall only be granting them a privilege which the citizens of all other nations enjoy. In addition to this

privilege some nations give general subsidies to their shipping, while others give compensation for specific purposes only—for carrying mails, principally. Among the latter are Great Britain, Germany, and Norway and Sweden, which nations have been far the most successful in marine enterprises. I think we had better adopt their maritime policy as a whole toward our shipping interests, rather than give general subsidies.

Senator LODGE. Are any of those subsidies given to foreign-built ships?

Mr. BREWER. Do you refer to the subsidies that these other countries give?

Senator LODGE. Yes.

Mr. BREWER. I do not know.

I believe that we can deal with the competition of subsidized vessels much more effectively and promptly by abstaining from giving general subsidies ourselves, standing ready at any time to cooperate with those nations who do not give them, in such measures as may seem best adapted to break down the system altogether once and for all.

I think that we should be granted the privilege of "free ships," so to speak, irrespective of the cost of operating them. The greater the cost of operating in comparison with foreign vessels, the more necessary it is that we should be allowed to buy our vessels in the cheapest market.

#### FAVORS FREER TRADE.

In respect to the cost of operating vessels, I think we are at a nominal disadvantage, at least as compared with foreigners, in respect to wages to officers and crew, and cost of feeding them, but not enough probably to prevent us from competing for foreign trade. We may get our money's worth after all, even if we do pay more wages than others and give better food. In all other respects, I fail to see wherein we should be at any disadvantage in operating vessels in competition with foreigners, provided of course we are allowed to buy or build our vessels in the cheapest market. In giving our shipowners this privilege we shall be giving them all the favor and aid they can fairly ask or expect from Congress, and without doing injustice or injury to any other interest whatever. Our shipbuilders would then have the coastwise and inland trade entirely to themselves, as they have now.

I am in favor of a revision of our tariff in the direction of lower duties. In adopting such a policy, we would, I think, best serve the interests of our country as a whole, and help our shipping interests at the same time; for shipowners the world over, Americans as well as all others, will gain something and lose nothing with every step toward freer trade on the part of any one or more nations. A policy which would tend to make more business for vessels interests me personally as a shipowner more than a policy intended only to make vessels more plentiful.

#### AS TO RETALIATION.

Senator MALLORY. I notice you seem to apprehend serious consequences from retaliation in the event we put discriminating duties on goods imported in foreign built and owned ships. There is a proposition to impose those duties only on what is known as the indirect trade. That is, a British vessel bringing British products to this

country would not be subject to the law, but a British vessel bringing German or French or Russian products would be subject to the law. Do you see how there would be any retaliation open to any of the foreign nations in case we adopted such a system as that?

Mr. BREWER. I think so. I do not know that I have given the subject very much study, but I think we had better avoid discriminating duties altogether.

Senator MALLORY. I do not see where a nation would have any right on its own behalf to complain if we did not interfere with its bringing its own goods to this country. Of course, if we imposed a discriminating duty on the ships of all nations bringing goods, whether from their own country or from any other country, I could understand how there would be danger of retaliation, but I do not think in such a case as I have stated, there could be any such apprehension. I thought possibly you had given the matter some thought.

Mr. BREWER. No, sir; I have not.

### STATEMENT OF E. B. GRANT.

E. B. Grant appeared before the Commission.

The CHAIRMAN. Kindly state to the Commission what your present occupation is.

Mr. GRANT. I am United States shipping commissioner for the port of Boston.

The CHAIRMAN. The Commission will be pleased to hear from you on any matters relating to the subject in hand.

Mr. GRANT. My observations, Mr. Chairman, have always been in the direction of the relations existing between the seaman, the vessel owner, and the master. There are one or two matters to which I should like to call your attention. They have been quite fully stated by Mr. Plummer. But since the passage of the act approved December 21, 1898, the masters and owners of vessels have made almost constant and daily complaint to the shipping commissioner at this port that seamen, having signed to go on board vessels to fulfill a certain voyage and having agreed to render themselves on board at a certain time, have refused so to do, thereby causing the vessel considerable detention and many times expense in securing substitutes to take their places.

### ENFORCE THE SAILOR'S CONTRACT.

That has been quite a hardship on vessels that have gone to southern ports to load lumber for ports north of Hatteras. The seamen are entitled under the statute to receive one-half of the pay due them at every port where the vessel loads or discharges cargo, and arriving at a southern port, the men ask the captain for one-half their wages, and he of course is obliged to give them. They go ashore, and then they fall under influences there which do not let them go back aboard the ship. The vessel then is detained sometimes a week, often longer than that, and in order to obtain a crew to go north, the captain is obliged to pay a large lump sum, known in the vernacular of shipping as run money. It is an evil that should not be allowed, and I think the Congress should enact that a sailor, having signed an agreement before a

United States shipping commissioner, should be compelled to fulfill his obligation.

You make the captain and the vessel fulfill their part. If the captain desires to discharge a man before the expiration of his contract or before he has earned one month's wages, you require him to pay this man one month's wages in addition to what may be due him. On the other hand, your sailor is allowed to desert and leave his ship, and he can not be arrested or apprehended and put on board. I think Congress should pass some law allowing some one in authority to put such men on board a vessel when they have refused to proceed and fulfill their contract.

#### ADVANCES FOR SEAMEN.

The question of advance wages has been discussed by Mr. Plummer to some extent, and I should like to state that in 1884 Congress passed what was known as the Dingley bill, abolishing all advance wages, both coastwise and foreign, and for two years the shipowners were made extremely unhappy and put to a great deal of expense in obtaining crews. In 1886 Congress modified the statute by again putting coastwise vessels on the platform of paying advance wages, a small sum, and also the foreign trade. From that time on matters went along quite comfortably until the present law was passed in 1898. That abolished advance wages in the coastwise, the British West Indies, the Gulf of Mexico trade, and materially reduced the amount allowed in the foreign trade, and there the word "advance" was changed to allotment, which a sailor was allowed to receive in liquidation of a just debt for board or clothing.

The general feeling among the shipowners is that they should be allowed to pay in the coastwise and West India trade small advance wages; that they would be able to secure men more easily, and could apply to sources of supply with better results; that the men who have the sailors and keep sailor boarding houses would be willing to let men go, if they could receive from the vessel a small sum of money in the coastwise and on these short trips to pay, in part at least, the sailors' obligation to them.

Senator MALLORY. Do they not do that now, practically?

Mr. GRANT. They do not, sir, in the coastwise trade. They do in the foreign trade.

Senator MALLORY. Do they not get something they call a bounty, or something in the shape of an advance, whereby the boarding-house keepers get their money back for the board of and service to the sailor?

Mr. GRANT. Not as a general thing in the coastwise trade. Since the passage of this act the boarding-house keepers jointly demanded of the ship a sum of money in addition to that allowed by the statute in the foreign trade, and that has been known as a bonus, and they have demanded that and do still demand it and receive it in many cases. I understand that in New York, Philadelphia, Baltimore, San Francisco, and other ports the sum is much larger than it is in Boston. But they do receive it, and they do demand it, and it is a burden, an extra burden, a tax upon American shipping, and it should not be allowed. Congress should pass some legislation prohibiting these men asking and demanding and receiving this sum.

Senator MALLORY. Right on this point, do you know whether that is ever deducted from the seaman's wages?

Mr. GRANT. It is never deducted from the seaman's wages. The seaman is not charged with it in any way. It comes entirely from the ship; out of the pockets of the owners of the vessel. The sailor knows nothing about it, and is not supposed to know anything about it. It is not charged to him in any way.

#### MORE POWER FOR COMMISSIONERS.

Senator MALLORY. Do you think, if in the coastwise trade we allowed, in a safe way, advance to be paid to the seamen through the hands of the shipping commissioner, requiring them all to be shipped before a shipping commissioner, and requiring him personally to deliver the money to the seaman, it would make any difference in strengthening the hands of the shipowner to keep the men aboard the vessel and prevent them from quitting?

Mr. GRANT. I think it would. I think it would enable the vessel to obtain its crew with less trouble and detention.

Senator MALLORY. After the master got the crew, do you think the fact that the crew had received the money—

Mr. GRANT. I think perhaps the men would be more inclined to stay by the vessel.

Senator MALLORY. On that point, have you any suggestions to make as to any legislation which you think would correct these evils, of which the shipowners and shipmasters complain, of men shipping here in Boston, for instance, and then refusing to go on board ship after they have signed; have you any suggestions to make on that score?

Mr. GRANT. I think legislation should be passed which would give the shipping commissioner or some other authority power to put those men aboard the vessel.

Senator MALLORY. That would mean the power to imprison?

Mr. GRANT. I do not mean the power to imprison. I mean they should be required to go on board.

Senator MALLORY. Suppose they should refuse to go?

Mr. GRANT. They should be carried there.

Senator MALLORY. That amounts to imprisonment.

Mr. GRANT. In a way it does.

Senator MALLORY. It is a restraint of their liberty.

Mr. GRANT. It is in restraint of their liberty, but these men know what they are doing. Every man who appears in the office of the shipping master and signs articles for any vessel is told fully and explicitly where the vessel is going, what the terms and conditions of the contract are, and he is not obliged to go; but he signs freely and voluntarily, and there is no reason why he should not fulfill his part of the obligation.

Senator MALLORY. Except that he has not received anything on the contract. It is simply a bare contract. No consideration is given or received by the sailor.

Mr. GRANT. Exactly.

Senator MALLORY. You are inclined to think if he did receive a slight advance, which was put into his hands and not into the hands of the crimps, there would be a sort of an obligation, at least a moral obligation, on his part to stand to his contract?

Mr. GRANT. I think if it could be arranged to hand the money to the man, so that he would not disappear with it, it might have some moral effect.

Senator LODGE. Do you think it would be a good thing for the United States shipping commissioner, in case of dispute between the seamen and the masters, to have the power to determine those disputes, subject to appeal?

Mr. GRANT. Under the statute the commissioner does have power where both parties agree.

Senator LODGE. Where both parties agree. But I mean a statute compelling them to submit to it.

Mr. GRANT. I think it would be wise legislation.

Senator LODGE. It was recommended in New York by the shipping commissioner there.

Mr. GRANT. Yes.

Senator LODGE. And the officer there also recommended as a good measure a bill to give the shipping commissioner authority to accept deposits of seamen's wages.

Mr. GRANT. A very good idea, sir.

Senator LODGE. So that he could receive the money in the nature of a postal savings bank or something of that sort?

Mr. GRANT. Certainly.

Senator LODGE. And remit to the sailor's family, if he has one?

Mr. GRANT. They do that in this port very frequently.

Senator LODGE. Voluntarily?

Mr. GRANT. Yes, sir. A man came in my office and deposited in my hands the sum of \$100 for safe-keeping until such time as he should call for it.

The CHAIRMAN. Do the owners and seamen frequently arbitrate their differences through the shipping commissioner?

Mr. GRANT. Yes, sir; they do quite frequently.

The CHAIRMAN. A seaman in Philadelphia stated that they absolutely refused to do it in that city, because there is no appeal from the decision of the shipping commissioner.

Mr. GRANT. They have never refused to do it here with one exception, and that case was taken to a court, and it is about being tried to-day.

#### INTERFERENCE WITH CREWS.

Senator MALLORY. Do you know whether Massachusetts has a law prohibiting anyone engaged in the business of shipping sailors—a crimp, or a boarding-house keeper—from going aboard a ship without the consent of the master?

Mr. GRANT. I know of no State statute to that effect.

Senator MALLORY. Some of the States have such statutes. My State has, but I do not know how it works. I do not think it amounts to much. However, I called attention to that in reference to the possibility of an enactment to the same effect by Congress. There seems to be a complaint that where nonunion men are shipped for a foreign voyage—and the port of New York has been cited—and they are taken aboard the ship, men interested in preventing them from going to sea will go down and take them off the ship, after they have gone aboard, and bring them away. In order to do that those men have to go aboard the ship, I imagine.

Mr. GRANT. Yes, sir.

Senator MALLORY. If there was a law imposing a penalty——

Mr. GRANT. There is a law in this State imposing a penalty for that.

Senator MALLORY. I know; but I refer to the mere going aboard of a ship by sailors' boarding-house runner——

Mr. GRANT. I think there is in Massachusetts no statute which covers that.

Senator LODGE. The statute covers going on board and trying to get the men to leave.

Mr. GRANT. Yes, sir.

Senator MALLORY. I am speaking of a man's business being taken as the criterion; that is, if he shall be engaged in the business of shipping seamen he shall not go aboard without the consent of the captain.

Mr. GRANT. There is no such statute.

Senator MALLORY. What would you think of the enactment of such a statute by Congress? Congress would have power to enact it, of course.

Mr. GRANT. I think it would be wise legislation, of course.

### STATEMENT OF OSBORNE HOWES.

Osborne Howes appeared before the Commission.

The CHAIRMAN. Mr. Howes, will you please state to the Commission in what business you are engaged?

Mr. HOWES. I am the secretary of the Boston Board of Fire Underwriters at the present time. My ownership in ship property at the present time is confined to a small interest in coastwise vessels. I have owned in deep-sea, or vessels engaged in foreign voyages, but these were sold quite a number of years ago. I was also, for one or two years, an officer in the Pacific Mail Steamship Company. These experiences constitute my qualifications.

The CHAIRMAN. You are engaged, then, in the insurance business?

Mr. HOWES. At the present time. I have been driven out of the shipping business into other occupations.

The CHAIRMAN. Are you a contributor to the newspaper press?

Mr. HOWES. I am occasionally.

The CHAIRMAN. You have written somewhat voluminously on this subject?

### OUR TRIBUTE TO FOREIGNERS.

Mr. HOWES. Perhaps not voluminously. That might be a question for opinion. I wish first, in what I have to say, to take exception to one or two lines of argument that have been adopted by those who have addressed the Commission in other cities, if not in Boston. One is respecting the tribute the American people are now paying to the owners of foreign vessels. I think it has been put at anywhere from \$150,000,000 to \$300,000,000 a year.

The CHAIRMAN. I think \$200,000,000 has been the maximum.

Mr. HOWES. Oh, has it?

The CHAIRMAN. Yes, sir; from \$150,000,000 to \$200,000,000.

Mr. HOWES. Two hundred million dollars. I had forgotten. I think Mr. Shaw made it about \$200,000,000.

Senator MALLORY. Including passengers.

Mr. HOWES. It seems to me that this is a question which could be readily determined if the Commission would request Doctor North

of the Census Bureau to take it up and work it out on the basis of the freight rates paid at various places and the amount of merchandise shipped from them. I made a little calculation, based upon the returns of the Bureau of Statistics of the Department of Commerce and Labor, taking the tonnage of cotton, all the grains, practically all of the provisions, so far as their tonnage could be obtained, that were shipped from this country and assuming that all of it went from New York to ports of continental Europe. This represented rather more than one-third in value of our entire exports in the calendar year 1903, and probably much more than half of all the weight. Of course part must have gone in American vessels, and part must have been sent by rail into Canada, while a part very likely went into Mexico and did not contribute in any way to shipping. Of course the freight rates paid to England, on goods sent to the largest purchaser, are much lower than to any other distant foreign country, yet the entire freight paid on all that shipment would have been, if sent to continental Europe, less than \$30,000,000, assuming that the rates paid were the current rates of last week.

Senator LODGE. What total do you get in that estimate?

Mr. HOWES. If you put the whole amount of exports at sixty million you would get a full round figure, and as our imports are smaller in volume and smaller in value, and as vessels frequently come here at very low rates in order to get full outward cargoes, the amount paid on the inward-bound freight would be considerably less.

Senator LODGE. That would be something less than one hundred million.

Mr. HOWES. I should put it nearer ninety million.

Senator LODGE. Is thirty million too much for the imports?

Mr. HOWES. Perhaps a hundred millions would be about right. But you can not collect tribute at both ends. If we are fairly entitled to have all our export trade carried by our own vessels, those who send goods to us for sale might say with equal fairness that they were entitled to the tribute that came from carrying their own goods to our markets. We can not have both sides.

Senator LODGE. But the estimate of \$150,000,000 to \$200,000,000, to which you have referred, is what we pay in total freights for imports and exports.

Mr. HOWES. I judged that was the case.

Senator LODGE. And passengers.

Mr. HOWES. I did not know that passengers were included. It is usually spoken of as freight.

Senator LODGE. Passengers are included in that estimate. I had supposed it was not far from a hundred and fifty million for freight and passengers.

#### AGAINST DISCRIMINATING DUTIES.

Mr. HOWES. The other point I want to make refers to the utter impracticability, as it seems to me, of endeavoring to solve the question of building up an American merchant marine by means of discriminating duties. In the first place—and the question is one which one of the Senators, I believe, has already referred to in part—there is the danger of retaliation. While it may be said that England is the only country which would be likely to retaliate, and that England, if we gave this indirect bounty through discriminating duties,



might not be materially affected, it seems to me that the Government of this country should take into account that our market in England at the present time is in a somewhat critical condition, and that it would be easily possible by injudicious action on the part of the United States to turn English sentiment in favor of Mr. Joe Chamberlain's plan of imperial federation and of discriminating duties against the products of this country.

There is perhaps no interest which England has for the safety and well-being of which it is more solicitous than its merchant marine, and any blow struck by the United States Government, whether directly or indirectly aimed at the English merchant marine, would, I am inclined to believe, change popular opinion in England to such a degree that Mr. Chamberlain could secure the support needed to obtain for his policy a Parliamentary majority, with a very material loss to the American people so far as they are dependent upon the sales of their products in English markets.

Senator LODGE. You think the adoption of his policy would be injurious to us?

Mr. HOWES. I think it would be, unquestionably. Not only is this a consideration which should be taken into account in determining the policy of our Government in respect to action of this kind, but there is also the further fact that if you analyze this suggested method you will find it absolutely impracticable. The opposition to it would become so strong among our own people that you could not apply it.

It is said it is simply a reversion to old methods; but we can not in this age in our country always go back to old methods. The Commission is probably aware that three-quarters of a century ago it was the custom of the United States Government to permit an American merchant importing goods to give notes for six months in payment of the duties, and in that way the Government furnished the capital for these merchants to carry on their business, the Government being simply a preferred creditor when the man failed. The differential duty would be just as archaic as this old duty method.

#### DIFFICULTY OF REDUCING OR INCREASING DUTIES.

This is where I think the trouble would arise in its application. You would have to reduce the duties on importations that came in by American vessels as compared to the rates of duties imposed upon importations coming in on English or German vessels. Take one case for illustration. There might be, we will say, a reduction of 10 per cent in duty on wool coming from Argentina or Australia in American vessels. Do you suppose that the Senators from Idaho and Wyoming would favor an arrangement to benefit American commerce which would bring in foreign wool at a less rate of duty than the Dingley Act now prescribes? The protests against interfering by trade treaty with the wool duties which have been made have been of a character which leads one to realize that no change of the kind proposed could possibly be carried through.

Suppose you increase the duties imposed by the Dingley Act on goods coming into this country in foreign-owned vessels. In the opinion of many these duties are already sufficiently keyed up, and a further increase of them would certainly prove detrimental to a great many interests. But apart from that, or over and above that, under

such conditions you would have to impose duties upon goods that are now entered duty free. Nearly half of our imports in the year 1903 were free imports. I have a short list here showing in part what these goods are and the amounts which we imported in 1903, stated in tons.

Dyewoods, 48,000 tons; gums and chemicals, 681,000 tons; cocoa (crude), 31,000 tons; coffee, 487,000 tons; cotton, raw, 32,000 tons—that is, the Egyptian long staple cotton; waste and flocks, 12,000 tons; fertilizers, 350,000 tons; vegetable fibers, 190,000 tons; goatskins, 41,000 tons (a tax to be imposed on the goatskins which our Massachusetts boot and shoe people require for ladies' shoes, in addition to the duty on hides against which they are now protesting) gutta-percha, 7,500 tons; India rubber, 28,000 tons; vegetable ivory, 8,500 tons; manganese, for varnishes and things of that kind, 146,000 tons; rags for paper stock, 51,000 tons; plumbago, 16,000 tons; spices, 20,000 tons; sulphur ore, 427,000 tons; and tin, 42,000 tons.

These form the great bulk, in volume or weight, of our import trade.

Senator LODGE. You have neither tea nor coffee there.

Mr. HOWES. I read the coffee imports.

Senator LODGE. Did you? I beg pardon.

Mr. HOWES. I did not put in tea, but I did coffee—487,000 tons.

Senator LODGE. It is very large. I did not hear you read it.

Mr. HOWES. These form the great bulk of our import trade. They also form the chief bases of our manufactures. They are noncompetitive products. They are brought in here to enable our manufacturers not only to supply our own people with finished commodities at low prices, but also to enable us to build up a foreign trade in finished products. An application of a duty to these commodities would strike all along the line of domestic industry.

It might be said that these products would be brought by American vessels and that therefore the duty would not apply. But, gentlemen, it would take a long time to build the necessary vessels, and the price that would be charged for importation on an American ship would be as near the discriminating duty as the American merchant, in view of competition, could afford to charge.

Further than that, a great many of these articles, as for instance, tin, which comes largely from the Straits Settlements in the East Indies, do not come in great cargo loads. Tin forms a small part of a general cargo coming to this country.

Senator LODGE. What was the amount of tin imported?

Mr. HOWES. Forty-two thousand tons. I merely speak of it as an illustration. There are other commodities which could be mentioned which have to be carried as parts of a general or diversified cargo; and until we had the vessels every importer of tin and every importer of a large number of other commodities now on the free list would have to pay this extra tax on the raw materials which enter into our manufactures, and which up to the present time it has been the policy of the Government to admit duty free because they are noncompetitive.

It seems to me that when these facts were brought out and it was found that this system would hit our industries here and there and everywhere, even the farmers in their fertilizers, the people would object so strongly as to make its application impossible.

The next point is the adoption of the plan of direct bounty. I confess, Mr. Chairman and gentlemen, that I do not believe that is likely to prove effective. Yet I am not here to argue against it to-day; that

is, to argue against it provided it is applied in a manner which I should like to suggest.

Senator LODGE. Do you mean a direct bounty on tonnage or a mail subsidy?

Mr. HOWES. I should say practically as the Hanna-Payne bill, so called, provided.

The CHAIRMAN. A direct subsidy?

Senator LODGE. A mercantile subsidy like that of France.

Mr. HOWES. A mercantile subsidy.

Senator MALLORY. Your objection to discriminating duties is that they impose a burden on certain parts of our population?

Mr. HOWES. Yes. It is a discriminating burden.

#### WHAT IS THE DIFFERENCE?

Senator MALLORY. For the time being, although it furnishes, according to your own admission, a strong incentive to put American ships in the trade, because American ships would bring those goods in here without any change of duty. Now, if that is an objection, what is the difference between such an imposition of a burden on a portion of the community and a similar imposition of burden on a large portion of the community by a direct subsidy, requiring people who have no personal interest in shipping or trade to pay that subsidy?

Take the States of Colorado, Kansas, Idaho, Wyoming, the Dakotas and Utah, the people of which are entirely ignorant, as a rule, of shipping matters. Would it not be equally just on their part to complain that we were taxing them to maintain your ships on the coast here? You would be doing just as much injustice to them as you would in the other case by imposing tariff duties on raw materials.

Mr. HOWES. I hardly think that is the case. If you carry that to its logical conclusion, it would apply to every expenditure the Government makes.

Senator MALLORY. Can you frame any such law which is not going to bear hard on some part of the community? If you are going to rehabilitate your shipping, do you not have to pay for it?

Mr. HOWES. It seems to me there is this difference to be drawn between the two propositions. One is made under a national appropriation, paid for by the national tax. In the other case you create a system by which you distinctly provide that the expense shall be met and paid for by a class of the community. That, it seems to me, is contrary to our system of Government.

Senator MALLORY. I think that is rather a bald assumption.

Mr. HOWES. If I may be permitted to explain myself, I should say that there is no reason, on the line of argument which you have just advanced, Mr. Senator, why Colorado and Utah and the other States you have mentioned should not protest against an appropriation for coast defenses. They will never be invaded. No nation under the sun is ever going to march her troops 1,500 miles into the interior of this country. These States are perfectly safe. Why should they be taxed to defend the port of Boston or the port of New York?

Senator MALLORY. There is some distinction between the national defense and the matter of building up the individual business of ship-owners along the coast.

Mr. HOWES. This is a general business.

Senator MALLORY. It is a general business.

Mr. HOWES. It is supposed to be in aid of the national defense. It is usually brought out in that way.

Senator MALLORY. There has been an attempt to make it appear as if it was a part of the national defense, but I have not yet discovered it.

Mr. HOWES. May I proceed?

Senator MALLORY. I will not interrupt you any further.

#### OPPOSED TO SUBSIDY, ALSO.

Mr. HOWES. I have very little faith that it will be possible by any system of bounties to stimulate or rehabilitate the American merchant marine, so long as the initial cost of building vessels is so much higher in this country than it is abroad. I feel confident from my own experience that it is the initial cost of the vessel and not the cost of maintenance which determines whether the business is or is not profitable. Of course you may have special obstacles thrown in the way, such as gentlemen have referred to this morning, relative to the treatment of crews and the like, which constitute an expense that other nations do not have to bear.

Last year in England I was told by people who are in the shipping business that they had just then made a contract to have built for them a 7,000-ton steam freighter for £7 per registered ton. That is \$34. It was a rough vessel for carrying coal to the Mediterranean and elsewhere.

Senator LODGE. Do you mean dead weight carrying capacity?

Mr. HOWES. I mean registered tonnage. She was to be delivered ready for sea, everything on board. I doubt whether a vessel of that kind could be built in this country at less than \$60 a ton, and if at \$60 it would be considered a low price. It may be that the conditions in England were more favorable to construction last year than they would be now or were three or four years ago, but when you take into account that each year it is necessary to charge off on shipping property, particularly during the first years, a very large percentage of value for deterioration, when you take into account that you have also to insure the entire investment made in a vessel, and also lose or get the interest on this extra expense of construction, you will find, I think, that with an English vessel of the type I am describing and an American vessel of the same type, if the expense of maintenance was the same, the difference in original cost would be sufficient to enable the Englishman to make a fair profit on his investment, charging off the proper deductions from year to year, while the American shipowner would not be able to make a cent over and above his running expenses. This initial cost is the tremendous difficulty that is in the way.

It is often said that our cost of maintenance on our ships is much higher than the English cost. It was also higher between 1850 and 1860. At that time my people were in the shipping business, as they had been for several generations. The pay my father's firm gave to its officers and men was twice and sometimes two and a half times higher than was paid at the same time to English men and officers.

The CHAIRMAN. On sailing vessels?

Mr. HOWES. On sailing vessels.

The CHAIRMAN. The initial cost was cheaper here than abroad.

Mr. HOWES. Yes, sir; and the American merchants could well afford to pay higher wages, as they received their return in much more

efficient service. It did not cost any more, it probably did not cost as much, to run an American vessel at that time with these high rates of wages as it did to run an English vessel.

This first cost is, I think, the main difficulty at the present time; and yet I am not trying to urge that the only recommendation that you should make should be low-priced or free ships. There are those, I know—and they form a potent force—who disagree with me entirely in that, and believe it is not a question of initial cost, but one of maintenance.

FREE SHIPS FOR FOREIGN VOYAGES.

My proposition is that in recommending a new policy in this respect you adopt something akin to the French policy so far as its comprehensiveness is concerned. If you are prepared to report to Congress the desirability of having a general subsidy system, accompany this with the proposition that hereafter any American merchant or any American citizen can buy and have transferred to an American register a foreign-built vessel, provided such vessel receives no subsidy whatsoever for any service it performs, and engages only in foreign voyages. Now it seems to me—

Senator LODGE. Let me understand you. You propose in admitting a foreign ship to our register that it shall not earn any subsidy?

Mr. HOWES. No subsidy whatsoever.

Senator LODGE. And that all subsidies granted shall go to American-built vessels?

Mr. HOWES. Yes, sir.

Senator LODGE. That is the universal practice in other countries?

Mr. HOWES. I think it is in France.

Senator LODGE. It is certainly the case in England.

Mr. HOWES. It seems to me under those circumstances you would have the opportunity, without interfering one with the other, of trying and testing two methods of rehabilitation.

I believe that the free-ship plan would work out in the end a better result than the other. There are gentlemen who think otherwise; but what I am finding fault with is that my friends who are advocating subsidies are not willing to allow me to go to England and purchase a vessel and sail it under the American flag without a subsidy. They seem in this to lack faith in the efficacy of their own remedy, because if they believe that after I have purchased an English steamer I can compete successfully with their American subsidized vessels, how will it be possible for them to compete with the English, who are now in practically the same position I would like to put myself in.

Senator LODGE. You would confine free ships to the foreign trade?

Mr. HOWES. I would confine them to the foreign trade.

Senator LODGE. Do you think that could be practically done?

Mr. HOWES. I think the only possible doubt would be in this respect to the very longest coastwise voyages. It would be to some extent unfortunate not to permit such a vessel to trade between the Atlantic and the Pacific coasts of the United States, and to prevent her from entering into voyages to the Philippine Islands, but beyond that I think the differentiation in the class of tonnage is so great that when a vessel is built of 7,000 or 8,000 tons, there are only certain classes of business in which she can engage, and they are not, thus far at least to any great extent, coastwise business.

## FRENCH FAILURE UNDER FREE SHIPS.

The CHAIRMAN. Is it not a fact that under the free-ship policy of France, continued, I think, up to 1881, her shipping greatly declined?

Mr. HOWES. I suppose it did, and it has also declined under the subsidy system.

Several GENTLEMEN. Oh, no.

The CHAIRMAN. That is not true.

Mr. HOWES. I understand that until the subsidies were very greatly advanced, as they were a few years ago, it was true—taking it from 1892 onward.

The CHAIRMAN. I have an impression that the record shows that under the subsidy it has not increased as much as they anticipated it would.

Mr. HOWES. It may be that—

The CHAIRMAN. But that there has been a decline is not a fact.

Mr. HOWES. I think that in such matters the result is determined by maritime aptitude. This is what we have in this country to a very great degree, more so perhaps than any other country, and hence the limitations and difficulties which have been imposed upon us are a good deal of our own making.

## FRENCH SUCCESS UNDER SUBSIDY.

Senator LODGE. As the question has been raised about the French tonnage I will quote the figures from page 191 of the report of the Commissioner of Navigation for 1903. I observe that the French tonnage has increased. The gross tons of steam tonnage increased from 805,000 tons in 1890 to 1,139,000 in 1903, and that advance I observe has been steady. In sail it has advanced from 298,000 tons in 1890 to 535,000 tons in 1903, nearly twice as much.

Mr. HOWES. Do you remember, Senator Lodge, the year the increase in bounty was made?

Senator LODGE. I do not remember when the second increase took place. I assume it was under the present law.

Mr. HOWES. There is one other matter, if you will permit me, to which I will refer before closing.

It has been said, I think, before your Commission, that a system which permits of the purchase under any conditions of foreign-built ships, that is, the adoption of the free-ship policy, is un-American. It seems to me that that is a demagogic argument in its way. I dare say that gentlemen on this Commission are wearing clothes, the cloth in which was made abroad, but I doubt if they consider it un-American to do this. If they drink wine, they probably drink wine which has been imported rather than that produced in California.

The CHAIRMAN. A good deal of the California product is exported and then imported, is it not?

Mr. HOWES. Perhaps so, and labeled "France."

Also, within the last few years the boot and shoe manufacturers of Germany and England have bought in Lynn and elsewhere, large amounts of our machinery and taken it home for the purpose of using it, as tools in their trade, for the cheaper manufacture of boots and shoes for their own people. We did not consider such proceedings to be un-German or un-English. We looked upon them as very shrewd

business practices on the part of foreigners. The ship is the tool of trade of the merchant, and if you can permit him, without interfering, we will say, with a domestic policy which the country pursues, to get his tool for the foreign trade in the place where he can get it cheapest and get the most useful tool, I can not see what there is in it that is un-American except as a matter of sentiment.

Another point has been raised as to the greater cost of maintaining our American vessels. I think there is a good deal, I will not say of deception, but of misunderstanding on this subject. We draw our illustrations from shipments made on this side; that is, in America, so that the Norwegian sailor, as was described by Mr. Atkins yesterday, who ships in New York or Boston or Philadelphia on an American vessel endeavors to get American wages, and possibly is quite justified in doing so. But I am inclined to think—I admit I do not know anything about it; but I venture this on general grounds, that if Mr. Winsor's steamer, the *Pleiades*, is shipping a crew of men in Yokohama or Hongkong, the pay given is no more than the current rate of wages there; the same wages that the English or German or other ships are giving. There is no race of American sailors. I went on a number of sea voyages as a boy and at that time the sailors were indeed American born and American bred, but they are not so now.

We may add to the sailor's song: "In every mess I find a friend, in every port a wife," "I find a nationality in every country to which I go." Sailors are a nondescript class, as a rule. They will, under certain conditions, in foreign ports, or what would be to others foreign ports, ship upon any ship with an entire indifference as to what its nationality may be. And I do not believe that the high wages given to so-called American sailors constitutes in itself so great a barrier to maritime success as some of those who have addressed you seem to suppose.

#### THE FRENCH SUBSIDY AGAIN.

Senator LODGE. In connection with the matter of the French subsidy there has been handed to me a copy of the consular report. The law of 1893 is the second law.

Mr. HOWES. I thought it was about ten years ago.

Senator LODGE. It increases slightly what was given in 1881. I find that the gross tonnage of vessels taking part in foreign trade in 1880 was 322,000, not including subsidized postal steamers. Under the law of 1881 this tonnage was increased to 501,000 in 1885—an augmentation of 180,000 tons. So the shipping has increased under both laws.

Mr. HOWES. Did that last include also the tonnage that was subsidized by mail pay, so that the comparisons are the same?

Senator LODGE. Oh, no; this is only a comparison——

Mr. HOWES. Of the unsubsidized?

Senator LODGE. Of the unsubsidized; that is all.

The CHAIRMAN. I have been interested in your presentation of the case, Mr. Howes. I think I clearly understand you to favor the policy of free ships for the foreign trade?

Mr. HOWES. I favor it; and I think if there is no other means of obtaining freedom except by employing both methods—both the general subsidy and free ships—and if the Government has unexpended balances in the Treasury which it is willing to devote to the purpose, it might just as well use them in this way. I think it is desirable to have

something done, simply on the broad, general principle that shipping is a great national industry; but mere subsidies will not be permanently effective. You will in this way build your industry upon stilts, and then some change in the policy of the Government will knock the stilts out from under it and it will fall. Would it not be as well to try the two methods at the same time, give the opportunity of free ships and the opportunity of subsidy, and let it be a survival of the fittest? What is wanted is not any particular method, but a result—an end—a large American commerce.

The CHAIRMAN. Then you do not per se object to a subsidy?

Mr. HOWES. I do per se, unless accompanied by the alternative; but I can understand that it may be better to endure what I should call a farcical attempt, bound in the long run to prove unsuccessful, than lose all opportunity by resisting this.

#### FREE SHIPS ALONE INADEQUATE.

The CHAIRMAN. In the great desire on the part of the Commission to get information we have welcomed the advocates of free ships and the advocates of every other possible method to rehabilitate the American merchant marine, but every person who has testified before this Commission in favor of free ships, as I now recall, has coupled his statement with the admission that free ships would not solve the problem unless in some way they could meet the subsidies of foreign ship lines, and by a change or repeal of our navigation laws get rid of the requirement that American ships engaged in the foreign trade shall employ American officers and give a food schedule generally admitted to be superior to that of foreign vessels. Their point has been that the mere matter of getting free ships would not enable them to sail them in competition with the subsidized foreign ships, cheaper manned and cheaper operated.

Mr. HOWES. That, you say, is the opinion of those who have advocated free ships?

Senator LODGE. Yes.

The CHAIRMAN. Yes; those who have advocated that idea before the Commission.

Mr. HOWES. Mr. Brewer has spoken and I did not understand him to take that ground.

The CHAIRMAN. Possibly not.

Senator MALLORY. I do not think it is true of every case.

Senator LODGE. It is in most of the cases.

The CHAIRMAN. It may not have been in every case. I will qualify that and have it go into the record that in most cases they have done so.

Mr. HOWES. There are undoubtedly difficulties in the way, but it seems to me, that so far as the American officer is concerned, he is to be the product of any rehabilitation. You can not get him now because you offer no inducements. As I told you, I went to sea in the Pacific Mail for the purpose of perfecting myself in a knowledge of American merchant marine interests, but I gave it up. There was no reason for my continuing. If, however, there is opportunity, I think men will be forthcoming. We find no trouble in Massachusetts, for instance, in getting a large number of young men to go on the *Enterprise* to be trained in the theoretical and to some extent the practical points of maritime life. They like it, and they would like to get opportunities to employ themselves after they graduate.



## ENGLAND AND FREE SHIPS.

The CHAIRMAN. Is it not rather a significant fact that during the days when we could build wooden ships more cheaply than England she did not have the free-ship policy, but when we got around to the construction of a different class of vessels and England could construct them more cheaply than we could, then she thought the free-ship policy was desirable?

Mr. HOWES. I beg your pardon; I think you are wrong there on your basis of fact. England adopted the free-ship policy in 1849, I think. At that time and for years afterward we could build ships a great deal cheaper than the English. The use of iron for sailing ships was hardly general until the latter sixties or the early seventies, and prior to that we sold a large number of vessels to the English. My father's firm, I know, had them built here and sold them to the English. It was in this that the English showed their great business judgment. They were losing their ocean carrying business. During the decade from 1851 to 1861, when we reached the zenith of our maritime prosperity, we were driving the English from the sea because we had cheaper and better manned ships than they had. Their policy was to prevent this; and, knowing the high cost of their vessels, they repealed their laws, which had been the same as ours, and began purchasing our vessels in large numbers to save themselves.

## FREE SHIPS POSSIBLE NOW.

Senator MALLORY. On the point of purchasing ships wherever we can get them cheapest, we can now purchase a ship from England and man her with an English crew and run her.

Mr. HOWES. And do.

Senator MALLORY. And do. We have eight hundred thousand tons, I think, of such shipping owned largely by Americans. If you permit us to buy free ships, to buy ships in any land we choose to go to, what difference will there be practically, so far as the interest of the individual is concerned, between purchasing a foreign ship now and manning her with foreign crews and officers and purchasing a foreign ship under such a law and manning her with American officers and running her. What will be the practical difference. Would it be more expensive under the latter method than the former?

Mr. HOWES. I think it very hard to say what the ultimate result would be. It may be largely a question of sentiment. At present the J. Pierpont Morgan syndicate, which owns the steamers of the various lines which it has purchased, is representative of American capital, but you gentlemen have been told at your various hearings that the freight earnings this syndicate receives are a toll or tribute paid to foreigners, although it goes into American pockets, so far as there is any profit.

## A SENTIMENTAL CONSIDERATION.

What I think is that this wish to rehabilitate the American merchant marine is to a great extent a sentimental consideration, but it is desirable that we should have a rounded-out industrial development, even if to some extent we have to pay for it.

Senator MALLORY. If the law permitted it, do you think it would pay me to purchase an English-built ship and put her under the American flag and run her with American officers?

Mr. HOWES. I think many would do it.

Senator MALLORY. Do you think it would pay?

Mr. HOWES. That would have to be a matter of experience. I can not say. I never met an American shipbuilder who did not object to the repeal of the law as to the purchase of foreign-built vessels, at the same time insisting that if the law was repealed no purchases of this kind would be made. That is a contradiction which I have never yet understood.

Senator MALLORY. We know it to be a fact, brought out not only by the testimony before this Commission, but by other testimony on various occasions, that the expense of running an American ship under the American flag under the present laws is 30 per cent greater than that of an English ship, and I suppose considerably more than that as compared with a Norwegian or Italian ship.

Mr. HOWES. Yes.

Senator MALLORY. Now, if that is so, would it not be rather a leap in the dark to change our whole system and to authorize the purchase of foreign-built ships and running them under the American flag?

Mr. HOWES. I do not think they would be run at a loss. I do not think that the unit of expense for wages is any criterion as to cost. This gentleman beside me recently spoke about the *Thomas W. Lawson*. The *Lawson* pays its sailors a great deal more than any English coastwise vessel pays her crew, but the tonnage cost of transportation by the *Lawson* is probably less than by any English vessel that sails on the coast of England. Of course we pay our men more than they do. In certain industries which we carry on in this country—for instance, in the boot and shoe industry—we pay our operatives much higher pay than is given in England or Germany, but the labor cost of our product is less than the foreign cost.

Senator MALLORY. The *Lawson* employs relatively less men. She has better facilities; she has steam; she has American methods. That answers that.

NOT UNTIL 1854.

The CHAIRMAN. In what year did I understand you to say the free-ship policy was adopted by England?

Mr. HOWES. In 1849.

The CHAIRMAN. Is it not the fact that it did not become operative until 1854?

Mr. HOWES. I do not know the date.

Senator LODGE. Lloyds kept up a discrimination until 1854, which practically nullified it.

The CHAIRMAN. Is it not a fact, so far as our sales of ships to Great Britain are concerned, that we sold more in 1864 than we did from 1854 to 1860?

Mr. HOWES. I should say in 1862 and 1863 and 1864, when the *Alabama* was around, our largest sales were made.

The CHAIRMAN. I think the record will show that at the close of the civil war the value of ships decreased to such an extent that we sold more tonnage in 1864 than we sold from 1850 to 1860.

Mr. HOWES. That was because of the tremendous expense of keeping American tonnage afloat when war premiums had to be paid to protect it against the *Alabama* and the *Shenandoah* and other vessels.

#### THE CUNARD SUBSIDY.

The CHAIRMAN. That is undoubtedly the case. On the question of free ships you are familiar, I suppose, with the recent subsidy, if we can call it a subsidy, given by Great Britain to the Cunard line?

Mr. HOWES. Yes, sir.

The CHAIRMAN. For two great steamships which that line is about to build?

Mr. HOWES. Yes, sir.

The CHAIRMAN. Is it not a rather significant fact that Great Britain provides in that agreement that those ships shall be constructed in Great Britain of material of British origin?

Mr. HOWES. I should say that the Government was paying enough to put on almost any condition it wanted to.

The CHAIRMAN. But it rather explodes the free-ship idea so far as England is concerned?

Mr. HOWES. I think all nations are sensitive, and I think Great Britain is peculiarly sensitive in everything which relates to her merchant marine, and that this tremendous bounty—and it is a bounty in fact—given to the Cunard Company grows out of the success which Morgan attained in corraling most of the other English lines. It was simply given to enable the Cunard Line to stand out against him.

#### ENGLISH MAIL SUBSIDIES.

Senator LODGE. If subsidies are so unwise and useless as you think them, what do you think has induced England to maintain them so long?

Mr. HOWES. I did not suppose that England had maintained any general system of subsidies other than mail subsidies.

Senator LODGE. It amounts to the same thing.

Mr. HOWES. I beg your pardon, Mr. Lodge. I should say that England's real merchant commerce is her freight-carrying commerce. It is the thousands upon thousands of freight steamers and partly tramp steamers that constitute her maritime greatness rather than such lines as the P. & O., which she has to maintain to India for strategic or military purposes.

Senator LODGE. What do you suppose induces England to spend \$5,000,000 or \$6,000,000 in mail subsidies? Of course they are subsidies, because the mail can be carried at a very small cost compared with the amount given.

Mr. HOWES. Of course it depends upon the speed required. It is much the same as we do in our pay for star-route service.

Senator LODGE. Star routes do not constitute a fast-mail service. The star routes are under contracts, and the mails on them are largely carried by horse and wagon.

Mr. HOWES. They are routes, however, where the mail returns are quite insufficient to pay the expense, as I understand.

Senator LODGE. We also pay our railroads very heavily, do we not?

Mr. HOWES. I dare say the Government receives in that respect what it pays for. There is a difference of opinion there.

Senator LODGE. You do not regard the English payment of five or six millions as a subsidy?

Mr. HOWES. No, sir. I think you will find that our own consul-general—I think it was Consul-General New, who was in London—in a consular report made a few years ago, emphasized the point that it was not; that you could not consider the money paid by England as a shipping subsidy.

Senator LODGE. Do you regard the gift of those vessels to the Cunard line as a subsidy?

Mr. HOWES. I think that is subsidy pure and simple, growing out of what may be called an almost insane fear.

Senator LODGE. You would not regard it as a subsidy if the United States were to pay out to ships five or six millions a year in that form?

Mr. HOWES. I think if it were to pay to maintain a line of steamers to the Philippine Islands from San Francisco, say a million and a half or two millions a year, a line which was to run very fast steamers, it would probably be the right thing to do.

Senator LODGE. I am not talking about running to the Philippines. They are under our control. England pays large subsidies to vessels running to other places than her colonies. She subsidizes lines running to this country.

Mr. HOWES. They are to some extent, within the range of her colonial system.

#### IS THE UNITED STATES A COLONY?

Senator LODGE. Is the United States within the range of her colonial system?

Mr. HOWES. No; but the mail to Canada comes on them.

Senator LODGE. Do you mean that she does not subsidize lines to the United States?

Mr. HOWES. She does; but I say that the mail system to Canada is much more dependent upon vessels sailing to the United States than it is on vessels sailing between Canada and England.

Senator LODGE. She subsidizes lines running to the United States?

Mr. HOWES. Yes, sir; and sends the Canadian mails over those lines.

Senator LODGE. And sends the Canadian mails on those lines?

Mr. HOWES. Yes, sir.

The CHAIRMAN. She does?

Senator LODGE. Undoubtedly.

Mr. HOWES. Yes. It may be justified on the ground of a mail subsidy, because it is so used.

Senator LODGE. You do not regard those as subsidies. I suppose, then, it would be all right for the United States to do likewise?

Mr. HOWES. No. The only subsidies which I understand are paid are certain mail subsidies. There is the cruiser basis—the possibility of taking the vessels.

Senator LODGE. I am not talking about that.

Mr. HOWES. That is a part of her system. The subsidy paid to the Cunard Company is undoubtedly a subsidy pure and simple, growing out of an insane fear—

Senator LODGE. What do you call the subsidy granted to the line running to Jamaica?

Mr. HOWES. I would call it a colonial subsidy.

Senator LODGE. You think it is all right to subsidize colonial lines?

Mr. HOWES. Just as you subsidize a mail line anywhere in our country. You pay for a prompt mail service, independent of what you get out of it.

#### THE GERMAN PRACTICE.

The CHAIRMAN. On the question of free ships, Mr. Howes, am I correct in the belief that in 1885 the German Government gave \$1,000,000 for an Asiatic service—I think to the North German Lloyd Company—on condition that the ships should be built in Germany?

Mr. HOWES. Quite likely. I think that is the case.

Senator LODGE. Was that a subsidy?

Mr. HOWES. I am inclined to think it was. But it may be said that it could not have had very much effect in building up the German merchant marine by other companies and by other owners than the North German Lloyd. That subsidy was shared, I believe, to some extent by division with the Hamburg-American Line on the East India service.

The CHAIRMAN. I have noticed that in Germany they have certain other indirect methods of aiding shipbuilding. For instance, the imperial railways haul at cost material for shipbuilding, and, if I am not mistaken, they haul goods—

Senator MALLORY. For exportation.

The CHAIRMAN. For German ships at preferential rates, and in various ways they aid the shipbuilding industry.

Mr. HOWES. I am inclined to believe that under the present sovereign there have been certain indirect methods adopted. How far they have really been efficacious I am unable to say. All that one knows is their existence.

Senator LODGE. You do not think they are of any assistance?

Mr. HOWES. I do not see how they are, but I do not say they are not.

Senator MALLORY. If the recent immense subsidy which England has given to the Cunard Line is to be taken as a basis of figuring for subsidies, have you any idea, on such a basis as that, what it would cost to rehabilitate our merchant marine?

Mr. HOWES. I should think it would be equivalent to giving any man who applied for it all the money needed to build his ship and then guaranteeing him a profit for sailing it.

Senator MALLORY. That is about the theory.

Mr. HOWES. Pretty nearly.

#### ITALY AND JAPAN.

The CHAIRMAN. In reference to the relative efficacy of free ships and subsidies, while we are not in any wise committed to the doctrine of direct subsidies, I think it is a historical fact that the merchant marine of Italy under free ships languished, but under subsidies it has greatly increased. Is not that true?

Mr. HOWES. I could not dispute it. It seems to me that if a country is willing to tax itself sufficiently to make an industry profitable, no matter how badly it is run, it can build up the industry. Whether it is worth while doing it is another matter.

The CHAIRMAN. The most striking examples is that of Japan. You are familiar, I suppose, with the great rise in the merchant marine of Japan. I think the record shows that she increased her tonnage from 150,000 in 1890 to 730,000 in 1903, an enormous increase; and that has been done under some form of subsidy.

Mr. HOWES. I should suppose a very slight one. As the Japanese consul in Boston I have had occasion to go somewhat into the outgo of the Empire, and it seems to me they have not a great deal of money to devote to any purpose.

Senator LODGE. Can you say what they pay to the line to Puget Sound?

The CHAIRMAN. It is heavily subsidized.

Mr. HOWES. I think that is the most heavily subsidized line.

Senator LODGE. It is \$325,000. I do not know whether you would call it a trifling subsidy or not.

Mr. HOWES. I mean relatively.

#### RAILROAD DISCRIMINATIONS.

Senator MALLORY. Reference has been made to the fact that the German Government on its State railroads discriminates in favor of German steamship lines and its German vessels generally for the transportation of freight intended for export. Do you know anything about the railroads in this country discriminating in rates to the seaboard between freight intended for domestic consumption and freight intended for exportation?

Mr. HOWES. The only experience I have had is in Boston, and this has taught me that the charge made for freight going to Europe from Chicago, via Boston, is less to Boston than on freight intended to be consumed in Boston.

Senator LODGE. I think that is true all over the country.

Senator MALLORY. That is in favor of transportation lines in general and not in favor of American commerce particularly?

Mr. HOWES. Yes, sir.

#### THE BRITISH POLICY AGAIN.

Senator LODGE. I understand that on the matter of mail subsidy you do not regard the English payments to the lines running to this country as a subsidy, because those steamers bring the Canadian mails?

Mr. HOWES. As I understand, the subsidies do not apply to their freight-carrying lines.

Senator LODGE. I understand. I am talking entirely of the mail subsidies. I understand you to say they are not subsidies, because they are on the same basis as our star routes.

Mr. HOWES. Yes, sir.

Senator LODGE. I understand you to say that the subsidies which the British Government pays to lines running to the United States do not come within your definition of subsidies, because the steamers carry Canadian letters?

Mr. HOWES. They carry Canadian mails. They constitute a fast-mail route for Canada.

Senator LODGE. Suppose we subsidize a ship carrying mails which sails from Liverpool and would go via Suez to the Philippines. That would take it out of the range of a subsidy, would it not?

Mr. HOWES. I think that would be a rather more strained construction than the other.

Senator LODGE. I see. I thought you would think so.

Representative HUMPHREY. There is a line of steamers running from Vancouver, the Empress Line, to China and Japan.

Mr. HOWES. Yes.

Representative HUMPHREY. They are paid \$300,000 a year. Do you consider that a subsidy?

Mr. HOWES. Well, it may be. It is partly mail, I should say. I beg your pardon if I add one more port. Those steamers go to Hongkong.

Representative HUMPHREY. They go to Hongkong.

Senator LODGE. You think if we gave a subsidy to an American ship sailing from Boston to Liverpool, it would be a subsidy and economically objectionable, but it is all right for England to give a subsidy to the Empress Line running from Vancouver to Hongkong, because it runs to an English port?

Mr. HOWES. Partly that. The other ground is this—

Senator LODGE. I am not disputing the proposition. I want to get your views.

Mr. HOWES. England has large political interests all over the world and we have not, and her policy requires that she shall have certain lines of fast steamers running to various points for mail purposes and for what may be termed strategical and military purposes. These needs do not enter into our calculation or at least only to a very small extent as far as concerns Hawaii, the Philippine Islands, and Porto Rico.

#### NOT THE HEAVIEST.

Representative HUMPHREY. The Japanese line that runs to San Francisco is subsidized to the extent of \$600,000 a year.

Mr. HOWES. No.

Senator LODGE. No; it is \$325,000.

Representative HUMPHREY. No; that is the Puget Sound line. The Japanese line between San Francisco and Japan is subsidized to the extent of \$600,000 a year or a little more.

Mr. HOWES. I did not know that was the case.

Representative HUMPHREY. That is the best information we have. I understood you to say the line running to Puget Sound was the most heavily subsidized Japanese line.

Mr. HOWES. So I understood.

Senator MALLORY. On the question of mail subsidy, I do not exactly understand whether you are opposed to mail subsidies that are other than colonial. Suppose we should find it desirable to establish a regular mail line, say twice a month, between New York and Rio Janeiro or between New York and Buenos Ayres. Do you think we would be justified in granting a mail subsidy over such a line, the conditions being, of course, that there should be reasonably prompt delivery and reasonable speed, merely for the purpose of opening trade and opening new markets?

Mr. HOWES. I think it might be defended as a matter of national policy; but I should not wish to have it put in the act that it was for the purpose of rehabilitating the American merchant marine generally. It would not be, because it would be a favor granted to a certain line, or it might be a payment to a certain line for a certain service. I

understand that the English Government can not get any other line than the P. & O. to take its mail contracts to the East, because there is not enough money in it.

#### SUSTAINING THE BRITISH POLICY.

Senator LODGE. There is one other question. France has much heavier tonnage dues than we have. I think England has somewhat heavier ones. England has light dues, and we charge none. Do you think it would be a good thing to make our tonnage dues equal to the others and put on light dues like the others?

Mr. HOWES. That is, as a fund for subsidies, I understand?

Senator LODGE. As a fund for subsidies.

Mr. HOWES. I think it would be more desirable if you are going to pay subsidies at all to pay them by direct vote out of the United States Treasury and not attempt to impose burdens upon any form of commercial intercourse.

Senator LODGE. Why do you suppose the English do it?

Mr. HOWES. It may be that in England they can get the money easier in that way than in any other. You are asking my opinion on her policy?

Senator LODGE. I asked your opinion because I thought you rather sustained the British policy.

Mr. HOWES. Oh, no; I am not sustaining England in the payment of subsidies to the Cunard line, by any means.

Senator LODGE. I am afraid that could hardly be explained on the colonial basis.

#### STATEMENT OF JOHN G. CROWLEY.

John G. Crowley appeared before the Commission.

The CHAIRMAN. What is your business?

Mr. CROWLEY. I am at present general manager and treasurer of the Coastwise Transportation Company.

The CHAIRMAN. We will be pleased to hear from you on any phase of this matter.

Senator MALLORY. What is the Coastwise Transportation Company?

Mr. CROWLEY. It comprises the Thomas W. Lawson—

Senator MALLORY. Where do its vessels run?

Mr. CROWLEY. Between coastwise ports.

Senator MALLORY. Sailing vessels?

Mr. CROWLEY. Sailing vessels. I am ready to answer any question which any gentleman may desire to ask.

The CHAIRMAN. You have heard much of the testimony given here?

Mr. CROWLEY. I have heard part of it.

The CHAIRMAN. Your business is not in the foreign trade at all?

Mr. CROWLEY. Our business is coastwise. We can not run foreign, because it is impossible to run our ships foreign in competition with English vessels or other foreign vessels.

The CHAIRMAN. You would do so if you could have conditions equalized, I suppose?

#### THE LAWSON BUILT FOR FOREIGN TRADE.

Mr. CROWLEY. Yes, sir. When we built the *Lawson* two years ago we built her at a cost of \$258,000, and fitted her up for foreign busi-



ness, and at the same time we contracted for the schooner *William L. Douglas*, a steel vessel, at a cost of \$220,000, built at Fore River, Quincy. Those vessels were adapted for the foreign trade. We expected at that time to run them in the foreign trade to Manila and those ports, but after we got them built we could not run them, and the only way we can run them to-day is in the coastwise business.

The CHAIRMAN. After getting the ships, you were satisfied you could not run them profitably in the foreign trade?

Mr. CROWLEY. Yes, sir. It was not only because of the competition with English vessels. I will just illustrate it. On the 2d of May we had a collision between one of our vessels and an English vessel, a Standard Oil steamer under the English flag, and in going over their accounts of settlement we found that they used some 25 or 30 men on their vessel who were Chinamen or coolies. They were paying them \$6 to \$8 a month. We were paying the men on the *Henry* \$35. Talk about sailors and the expense of running that English ship with 135,000 cases of oil! It cost as much to run the *T. Charlton Henry*, carrying 4,000 tons of coal, as it did that ship; that is, for the manning; and it cost as much for grub, as we call it, to run the *Henry* as it did that ship.

Senator MALLORY. How many men does the *Henry* carry?

Mr. CROWLEY. Thirteen.

Mr. PLUMMER. That is enough?

Mr. CROWLEY. It is plenty. On the *Lawson* we carry 12 before the mast, 2 mates, a cook, a steward, 2 engineers. It has been allged here that that is not crew enough for a vessel like that, but it is ample.

#### NOT UNDERMANNED.

The CHAIRMAN. What have you to say about the contention, which has been made not only here but in Philadelphia and New York, that as a rule American schooners and sailing ships are undermanned?

Mr. CROWLEY. No, sir; they are not undermanned. To-day a sailor aboard an American vessel has not to put his hands to the pump. He has not to put his hands to a rope, hardly. When I went to sea we had to handle all cargo and pump vessels out by hand, and do all such work as that, and to-day it is three times as easy as it was then.

The CHAIRMAN. You use steam?

Mr. CROWLEY. Yes, sir; it is all steam. Some of our vessels are even steered by steam.

The CHAIRMAN. That complaint has been very frequently made and very persistently urged, and if American sailing vessels are undermanned it is a grievance of which Congress ought to take cognizance.

Mr. CROWLEY. I think our vessels are manned way up. If you put any more men aboard them you would have to tie them up. We have to compete with barges, where there are three barges in a string, and they have about 4 men on them.

Senator LODGE. There has been a great deal of testimony that they are undermanned.

Mr. CROWLEY. I think they are undermanned, but the same sized schooner on which we carry three times as many men is not undermanned, because it has steam to do everything with.

Representative MINOR. Take the *Lawson* for instance. She carries about 7,000 or 8,000 tons?

Mr. CROWLEY. 8,000 tons.

Representative MINOR. Would she carry that much in the foreign trade?

Mr. CROWLEY. Yes, she would carry 7,500 to 8,000 tons.

Representative MINOR. She is operated, of course, cheaper than a steamer?

Mr. CROWLEY. Yes, sir.

Representative MINOR. And you can not engage in the foreign trade because you can not compete with foreign steamers?

Mr. CROWLEY. No, sir.

Representative MINOR. Then what are our steamers doing?

Mr. CROWLEY. They can not do anything that I can see.

Representative MINOR. That is just about what they are doing.

Mr. CROWLEY. Yes, sir; that is just about what they are doing.

#### FACTS ABOUT THE LAWSON.

Mr. PLUMMER. The manning bill would require the *Lawson* to carry about 40 men.

Mr. CROWLEY. If we had 40 men, we would have to provide some place in which to store them.

Representative MINOR. If you should run the *Lawson* abroad, and then ship a crew over there, it would reduce your expenses somewhat?

Mr. CROWLEY. If we ship a crew here, we have to ship them for the round voyage.

Senator MALLORY. What is the tonnage of the *Lawson*?

Mr. CROWLEY. Gross tonnage?

Senator MALLORY. Net tonnage.

Mr. CROWLEY. Her net tonnage is 4,800.

Senator MALLORY. How many masts has she?

Mr. CROWLEY. Seven.

Senator MALLORY. How much is her draught of water?

Mr. CROWLEY. Twenty-eight feet of water.

Senator MALLORY. In your judgment is a vessel of that class as safe for ocean navigation and deep-water navigation as a square-rigged vessel?

Mr. CROWLEY. Yes, sir.

Senator MALLORY. There is no objection, based on the rig of these four and five and six masted vessels, to their engaging in the foreign trade?

Mr. CROWLEY. No, sir.

Senator MALLORY. You say the *Lawson*, as I figure it out, has 20 men, including the captain?

Mr. CROWLEY. Yes; 20 men, including the captain.

Senator MALLORY. Two mates?

Mr. CROWLEY. Two mates.

Senator MALLORY. How do the wages which you pay your masters and mates compare with the wages paid on the large ships of foreign nations?

Mr. CROWLEY. I can not state definitely. We pay our sailors \$35 a month.

Senator MALLORY. We have that information. What do you pay your masters and mates?

Mr. CROWLEY. The master sails on primage and \$50 a month; 5 per cent of the gross earnings.

Senator MALLORY. Five per cent of the gross earnings?

Mr. CROWLEY. Yes, sir. The mate on the *Lawson* gets \$75 a month; the second mate gets \$45, the engineer \$50, the steward gets \$65, the boy \$25, second steward. We allow the captain of that vessel 50 cents a day to feed the vessel, and he loses money, so he says.

Senator MALLORY. Have you any difficulty in getting crews for those vessels?

Mr. CROWLEY. We have not had any up to the present time. Some vessels have.

#### STATEMENT OF J. L. MANSON.

J. L. Manson appeared before the Commission.

The CHAIRMAN. Are you the secretary of the Boston Marine Society?

Mr. MANSON. Yes, sir.

The CHAIRMAN. The Commission will be pleased to hear any statement you wish to make, Captain.

Mr. MANSON. Mr. Chairman and members of the Commission, as I have stated, I am secretary of the Boston Marine Society, one of the oldest societies in Boston, incorporated in the year 1754, and it has always taken a deep and active interest in all that pertains to the country's commerce.

#### SHIPMASTERS FAVOR SUBSIDY.

It now consists of upward of 400 members, three-fourths or more of that number being either past or present masters of American ships, though the first term, "past masters," includes the greater number, made so, to a large extent, by the decline of American commerce. Although I am not authorized by vote to represent the society at this meeting, yet I believe I am safe in saying that in my remarks here I represent the almost unanimous opinion of the society, because at a meeting of the society held February, 1900, resolutions were passed and forwarded to Washington favoring a ship-subsidy bill for American shipping.

Now what I have to say may be, in part, a repetition of what has already been said, but the truth is often strengthened by being repeated.

Having been a master of American ships, the American clipper ship, for many years, and at a time when our shipping was at its height, and we were all proud of our commerce, I may be pardoned if I say a few words now (in the time of our commercial decay) to try and revive once more pride in the nation's shipping.

You might say pride does not pay. I think it sometimes does. One's personal appearance often goes a long way toward success, and so does a nation's appearance, in a fine fleet of vessels sent into foreign waters, count for much before the rest of the world.

Citizens of this country, as a whole, are brought up and educated to desire and expect a higher class of living as regards personal comforts than do the citizens of most foreign countries.

They demand higher wages that they may be able to enjoy those privileges—privileges made possible by a protection from cheaper labor—a protection brought about by a system of duties on foreign productions.

Now, to induce our citizens to accept employment on the broad ocean in competition with all other nations, the employers of that labor (that is,

the owners of the vessels) are obliged to pay higher wages and give a better living than do most of the foreign owners of their vessels, unless those foreign vessels are subsidized in some way by their governments.

If the American citizen is not so paid, he prefers to stay ashore, where he is protected, and can enjoy that better living to which he is entitled.

#### SHIPS SHOULD HAVE PROTECTION.

For the American owners of ships to be able to pay those higher wages, grant that better living and have a fair return for their capital they must have some protection, the same as the manufacturers ashore. What that assistance needs to be, in what form paid, whether in the shape of bounties or in extra duties on imports or exports in foreign vessels, I am not able to say. I leave to wiser heads than mine as to the better way, but protection of some sort must be given to induce Americans to invest their capital or their labor on the water and compete with cheaper foreign labor and capital.

It might be argued, if Americans had rather stay ashore and invest their capital there, then allow them to do so. But I think the question reaches much farther than that. To illustrate: There is no doubt in my mind that the larger and more efficient are the police force of this city the less liable are we to have trouble of any kind in the streets of Boston; and the larger and more efficient are the police of the nation's waterfront (the United States Navy) the less likely is the nation to have trouble of any kind.

To have our Navy at its most efficient point it must be well manned and also have a strong and large reserve to call upon in time of trouble, both of vessels to act as auxiliaries and of men. Without a merchant marine where will that reserve be found?

Again, for a nation to have its flag flying in the various ports of the world gives to that nation a sort of prestige, creates a desire in foreign nations to know more of that country, its people, and its manufactures and productions; or, in plainer words, it advertises the nation and stimulates trade and thereby benefits the whole nation.

To sum up my remarks in a few words—we want a strong Navy; one that from its size and efficiency will discourage any attack on the nation.

Without a strong merchant marine as a reserve our Navy in time of trouble is only half efficient. We want and need our flag in all parts of the world that we may be better known and prepared to do our share of the trade of the world.

Without protection of some sort or help in some way we can not build, man, and sail our ships in competition with cheaper foreign labor and capital. At the same time, perhaps after our steamship lines are once fairly established and our commerce (so to speak) is once more on its feet, the help from the Government may then be gradually withdrawn.

#### FOR BOTH STEAM AND SAIL.

My suggestion for a help to our commerce is something like this: A subsidy or bounty in just proportion to all classes of American vessels engaged in foreign trade; to steamers so much per knot for the average rate of speed for the voyage. Of course to the higher rates of speed a larger proportion, on account of the larger expense necessary to maintain that speed. That proportion could be adjusted, from

information received from many sources, regarding that extra cost, and also so much per registered ton of the steamer. To sailing vessels, so much per mile for the average sailing distance from port to port, and also so much per registered ton of the vessel.

Without the use of steam and electricity (and perhaps I now ought to add gasoline) the transportation of the country could not be carried on; but still we have much use for horses. Neither could the wants and demands of commerce be carried on without steam, and perhaps with proper aid much use may still be found for sailing vessels.

The Government has spent many millions of dollars on the Panama Canal, and is to spend many, many million dollars more. For whose benefit is that money spent? For that of the whole world. Let us hope at its finish our commerce will be in a condition to receive its full share of those benefits.

Mr. Chairman and members of the Commission, keep the same protection on the shipyards that we now have—free material for building ships—and keep free ships away; give us the same amount of protection, in some way, on the water as we now have on the land, and we have the capital, brain, and muscle to build, man, and sail a merchant marine that in a few years will be the pride of the country, the same as our manufactures are to-day.

I thank you, gentlemen, for your attention.

#### STATEMENT OF W. R. CHESTER.

The following letter was subsequently received:

BOSTON, *June 3, 1904.*

THE MERCHANT MARINE COMMISSION.

GENTLEMEN: All my business life I have been interested in shipping. Born and living in a whaling city, until I was 25 years old, naturally I was interested in marine matters, particularly as my ancestors and two brothers were sailors.

For twenty-five years I have handled, through the shipping season, from one to two cargoes a day. They were small and mostly on our own coast. Have owned partially and in some instances the whole of, some vessels, mostly in coastwise freight, consequently I claim to know something about the "marine service."

Had \$10,000,000 been spent in subsidies on the "Collins" and other lines, and we had had 25 ships in 1861 that could have been utilized as gunboats and troop ships, we should have saved more than \$100,000,000, saved numerous lives, and shortened, if we had not prevented, the war.

We could not even remember this lesson, for we found ourselves in 1898 in an equally bad condition.

In offering the following resolutions at the March meeting of the Massachusetts State Board of Trade in 1898, I said in part:

MR. PRESIDENT:

We are on the verge of grave complications with Spain and we are obliged to face a dilemma that we regret. We have not ships of suitable capacity to carry with speed, safety, and comfort 10,000 soldiers, and to aid our Navy and Army in transporting the necessary supplies. This would seriously impair the efficiency of our service. Had we 50 first-class ships, which could be utilized in case of war, they would pay for themselves in one year. In fact, our ownership of 50 ships would go far toward keeping peace.

*Voted:* That the "Massachusetts State Board of Trade" hereby places itself on record as favoring any bill by "Congress" whereby our "merchant service" shall be increased, and urges our Representatives in Washington to favor any bill by which new lines of steamers may be built, of the most modern type, by American labor, with American capital, that could be utilized in case of war as an adjunct of our Navy. These steamers to be run for American interests, and to carry our mails to ports throughout the world, to the end that we can ship our products to foreign nations and receive our importations under the "American flag," thus bringing together the different nations of the earth into closer relationship with our own, believing that closer union would prevent misunderstandings and possible wars.

*Voted:* To carry out the plan to build new lines of steamships, and to cover the increased cost of building and maintaining such lines over our competitors, we would suggest legislation by Congress, favoring discriminating duties, and generous subsidies to be paid such lines as may be established.

Above resolutions were passed.

At the meetings of the Commission on Wednesday and Thursday some of the speakers favored "free ships," and it was evident that they were imbued thoroughly with free-trade ideas.

I can not understand how any thoughtful man who has lived through free-trade years could ever favor going back to those sad times when we paid from \$100 to \$120 per ton for steel rails, and but for a protected tariff would be paying same to-day instead of exporting it to other countries at one-fourth the price we paid England for them.

Give our shipbuilders and shipowners quite as generous subsidies as other nations give theirs, and the time will come when we can compete with them in water transportation.

We "can not build a 1,000-ton steamship ready for sea for \$36,000," and I trust we shall never be obliged to.

Your obedient servant,

W. R. CHESTER.

#### ADDITIONAL STATEMENT OF FIELDS S. PENDLETON.

Mr. PENDLETON. Mr. Chairman, I wish to state that a telegram has been received from the owner of the *Edward E. Briery*, in which he says that that vessel carries 10 men, exclusive of the master.

#### REMARKS OF THE CHAIRMAN.

The CHAIRMAN. In adjourning this hearing, I desire, in behalf of the Commission, to extend thanks to all the gentlemen who have appeared before the Commission and so frankly and freely stated their views.

I wish also to express the thanks of the Commission to the representatives of the press, who have made such excellent reports of our hearings.

Especially do I want to assure the Chamber of Commerce of our appreciation of its courtesy in permitting us to use this beautiful room. We have enjoyed our stay in Boston, and will leave the city in the hope and expectation that we will find in the testimony which has been given some things that will aid us in reaching a partial solution at least of this very perplexing and very important problem which we have in hand. [Applause.]

I thank you all, gentlemen.

Thereupon (at 1 o'clock and 20 minutes p. m.) the Commission adjourned.

















